FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Latin America

FBIS-LAT-94-243
Monday
19 December 1994

Daily Report
Latin America

FBIS-LAT-94-243 CONTENTS *19 December 1994*

NOTICE TO READERS:

INTER-AMERICAN AFFAIRS

Mercosur Summit Activities, Protocol Signing Reported 1
  Trade Guidelines Defined *[Madrid EFE]* 1
  Customs Union Approved *[AGENCIA ESTADO 16 Dec]* 1
  Protocol Gives International Legal Status *[AGENCIA ESTADO 16 Dec]* 2
  Mercosur Banks Sign Accord *[AGENCIA ESTADO 16 Dec]* 3
  Presidents Sign New Trade Protocol *[Hamburg DPA]* 4

CARIBBEAN

Cuba

U.S. Announces Panama Rioters To Remain Until 3 Mar *[Havana Radio]* 6
  Attempts To Relocate Rafters *[Havana Radio]* 6
Panamanian Minister Cited on Rafters at U.S. Camps *[PRENSA LATINA]* 6
Panama Rafters Report 'Abuse, Torture' by U.S. Soldiers *[Havana Radio]* 6
Report Notes Two Images of Rafters Shown to Panamanians *[Havana Radio]* 7
Situation of Cuban Rafters in Panama Reviewed *[Havana Radio]* 7
Foreign Minister Begins Visit to Jordan *[Havana Radio]* 7
  Received by King Husayn *[PRENSA LATINA]* 7
  Meets With Senate President *[Havana TV]* 8
Commentary: Chechnya Raises Doubts About Russian Survival *[Havana Radio]* 8
Castro Applauds Success of Science, Technology Forum *[Havana Radio]* 9
  Stresses Medical Exports *[Havana Radio]* 9
  Defends Revolution *[PRENSA LATINA]* 10
  Torres, Ramon Castro Address Forum *[Havana Radio]* 11
Alarcon at Havana APPP: 1994 Results Encouraging *[Havana TV]* 12
Social Spending Focus of 1995 Budget *[PRENSA LATINA]* 12
Guantanamo Province Harvest Sets Special Period Record *[Havana Radio]* 12

Inter-Caribbean Affairs

Caricom, U.S. Form Team To Resolve Banana Problems *[CANA]* 13

Anguilla

Bank Established To Thwart Money Laundering *[CANA]* 13

Bahamas

Prime Minister Pledges Fight Against Money Laundering *[CANA]* 14

Cayman Islands

Cuban Refugees Return to Homeland *[CANA]* 14

Haiti

OAS Chief To Deliver Plan of Action to Aristide *[CANA]* 15
Aristide Announces Resumption of Cruise Line Stops *[CANA]* 15

Government Issues Communique on Anniversary of Aristide's Election *[Port-au-Prince Radio]* ... 15
Anniversary Discussed *[Port-au-Prince Radio]* ... 15

Trinidad and Tobago

Paper Awaits 'Tangible' Results From Miami Summit *[CANA]* ... 16

MEXICO

U.S. Judge's 187 Ruling Deemed Endorsement of Mexican Stand *[EL FINANCIERO 16 Dec]* ... 17
Zedillo Responds to PRD Reservations, Avendano Rejection *[Mexico City Radio]* ... 17
Zedillo's First Letter to EZLN's Marcos Released *[Mexico City TV]* ... 18
Marcos Replies *[Mexico City TV]* ... 18
Parties Name Lawmakers to Chiapas Mediation Commission *[Mexico City TV]* ... 19
PRD Members Remark on Chiapas Peace Commission *[Mexico City Radio]* ... 19
New Chiapas Official Answers Charges of Violating PRD Rules *[Mexico City TV]* ... 21
Chiapas Shadow Governor on Two State Governments *[LA JORNADA 15 Dec]* ... 21
Security Sources on Possible War in Chiapas *[EL FINANCIERO 14 Dec]* ... 24
Army Increases Presence Around Chiapas Capital *[REFORMA 14 Dec]* ... 26
Commerce Secretary Vows To Defend National Industry *[EL FINANCIERO 15 Dec]* ... 26

CENTRAL AMERICA

El Salvador

President Announces Changes to Economic Program, Cabinet *[LA PRENSA GRAFICA 17 Dec]* .. 28
FMLN Elects Leonel Gonzalez New General Coordinator *[NOTIMEX]* ... 28
Social Christian Renovation Movement Breaks With PDC *[LA PRENSA GRAFICA 16 Dec]* ... 29

Guatemala

De Leon Addresses Country on Domestic Issues *[Guatemala City Radio, TV]* ... 30

Nicaragua

Chamorro on Gen. Ortega's Call for National Agreement *[EL NUEVO DIARIO 15 Dec]* ... 31

Panama

Newspapers Cite Cuban Rafters on Situation in Camps *[LA PRENSA 17 Dec, etc.]* ... 32
Rafters Report Mistreatment, Torture by U.S. Troops *[LA ESTRELLA DE PANAMA 17 Dec]* ... 32
PDC Critical of Using Cuban Crisis To Admit U.S. Troops *[EL SIGLO 16 Dec]* ... 33

SOUTH AMERICA

Argentina

Menem Leaves for Mercosur Talks in Brazil *[TELAM]* ... 34
Menem Arrives in Brazil *[TELAM]* ... 34
Argentinians Disapprove of Alignment With U.S. *[LA NACION 13 Dec]* ... 34
Accord Reached With Japan on Processing With Plasma *[Madrid EFE]* ... 34
Petrella Denies Possible Israeli Actions on Borders *[TELAM]* ... 35
Argentinians Disapprove of Alignment With U.S. *[LA NACION 13 Dec]* ... 35
Senate Approves Voluntary Military Service Bill *[NOTICIAS ARGENTINAS]* ... 35

Bolivia

U.S. Embassy Vehicle Carrying Cocaine Seized *[NOTIMEX]* ... 36
President Installs New Military Command *[La Paz TV]* ... 36
Cardenas Sustains 'Slight Injuries' in Plane Crash *[La Paz TV]* ... 36
Government Minister German Quiroga Resigns *[Madrid EFE]* ... 37

Deputies To Enforce Drug Law Against MIR Members *[Madrid EFE]* 37
Tropics Development Master Plan Announced *[LOS TIEMPOS 7 Dec]* 37
Commentary Views Prospects for Summit *[PRESENCIA 6 Dec]* 38

Brazil

Cardoso Gives Farewell Speech to Senate *[Rio de Janeiro TV]* 39

Chile

Mexican Embassy Regrets Sofofa's Call for Trade Restrictions *[Madrid EFE]* 52
Finnish Foreign Minister Visits *[Madrid EFE]* 53
Government Denies Pressure by Pinochet Over Contreras Case *[Santiago TV]* 53

Colombia

Prosecutor General Criticizes Ruling on Glyphosate Spraying *[Santa Fe de Bogota TV]* 53
Agreement Legalizes 60,000 Hectares for Coca Planting *[Santa Fe de Bogota TV]* 54
Peace Commissioner Discusses Rural Security Associations *[Santa Fe de Bogota Radio]* 54
Five Municipalities To Assist Armed Forces in Surveillance *[Santa Fe de Bogota TV]* 56
Development Minister Cited on Regional Integration Efforts *[Hamburg DPA]* 56

Ecuador

Government Minister Santos Resigns Over Police Scandal *[Quito Radio]* 57
Businessmen Satisfied With Miami Summit Resolutions *[Quito Radio]* 57

Paraguay

Orlando Bareiro Named New Finance Minister *[ULTIMA HORA 15 Dec]* 57
Wasmosy Departs for Mercosur Meeting in Brazil *[ULTIMA HORA 16 Dec]* 57

Peru

Higuchi Announces Decision To Divorce President *[Madrid EFE]* 58
Government Prepares Plan To Fight Drug Trafficking *[EXPRESO 4 Dec]* 58

Venezuela

Arms Traffickers Increase Activities on Border *[EL NACIONAL 14 Dec]* 59
Border Council Discusses 'Critical' Situation *[Caracas Radio]* 59
Bank Official Blames Bankruptcies on Federal Withdrawals *[Caracas Radio]* 60
Caldera Tells IMF Oil Price Decision His Alone *[Caracas Radio]* 60

Mercosur Summit Activities, Protocol Signing Reported

Trade Guidelines Defined

PY1612224894 Madrid EFE in Spanish 1544 GMT 16 Dec 94

[Report by Carlos A. Moreno]

[FBIS Translated Text] Ouro Preto, 16 Dec (EFE)—Delegates and experts from Argentina, Brazil, Paraguay, and Uruguay finished today at dawn the agreements that establish the definitive basis of Mercosur [Common Market of the South] as of 1 January, when 90 percent of the products of the four countries will circulate freely in the region.

According to agreements approved by experts and delegates of the four countries, Mercosur will begin on 1 January 1995 as a partial free trade zone. Nearly 90 percent of products and goods will circulate freely within the bloc.

Mercosur will also constitute a partial customs union, since nearly 85 percent of the products imported from third countries will be taxed with a Common External Tariff (CET) by the four member countries.

The agreements reached today state that the four Mercosur member countries must coordinate their agricultural and industrial promotion policies. They must maintain a same customs code. Mercosur will have autonomous institutions and a legal status which will allow it to negotiate free trade agreements with other blocs, like the EU.

Ambassador Jose Arthur Denot Medeiros, the Brazilian Foreign Ministry integration secretary said: "Everything is ready. There are no disagreements among ourselves. The foreign ministers have yet to approve the technical agreements we reached here, and the presidents must do the same on 17 December."

Medeiros said that of the agreements the presidents will sign on 17 December during the Seventh Mercosur summit, the only pending issues still to be resolved are some linked to the Agricultural Agreement, which regulates the agricultural production policies of the four countries.

Medeiros reported that the negotiators even reached an agreement on the car industry policy, which was the main obstacle in the negotiations. This agreement attempts to harmonize the car and spare parts industrial policy among the four countries.

The technical negotiations prior to the seventh Mercosur Summit began on 13 December and ended today at 0400 (0600 GMT) at a hotel in Ouro Preto, a historical city in Minas Gerais State that has been declared national patrimony by UNESCO.

Medeiros said the discussions were centered mostly on the preparation of lists of exception, the products which will not be subject to the CET, and the lists of products whose import tariffs must be "harmonized."

The latter list are the only ones that will not be submitted to the Mercosur free trade agreement, even though the Treaty of Asuncion—which instituted the free trade bloc in 1991—foresaw all goods, products, and people circulating freely among the four countries by 1995.

Medeiros said the negotiators reached agreement by which Uruguay has a list of 900 products on which import tariffs must be "harmonized," while Paraguay will have 600, Argentina about 200, and Brazil nearly 30.

Medeiros said: "Free trade within Mercosur constitutes between 90 and 95 percent of the total trade flow of the region," and remarked that the list of exceptions is minimal.

According to the agreements, import tariffs on these products will be gradually reduced as of 1995 over four years for Argentina and Brazil, and five years for Paraguay and Uruguay. There should be total free trade by 2000.

As for the list of exceptions, the negotiators approved lists of a maximum 300 products for each country. Most of the exceptions should be gone by 2001, and those on the most sensitive products like capital goods and informatics should be gone by 2006.

The principal document that must be signed on 17 December by Argentine President Carlos Menem, Brazilian President Itamar Franco, Paraguayan President Juan Carlos Wasmosy, and Uruguayan President Luis Alberto Lacalle. It will be called the Ouro Preto Protocol, an additional document to the Treaty of Asuncion which defines the institutional system of Mercosur.

The protocol improves the Common Market Council (which is the decision-making institution of Mercosur), the Common Market Group (which is the executive institution), the Trade Committee (the institution that will solve trade controversies), and the Joint Parliamentarian Committee (which will be the legislative organization). The protocol also creates the Economic and Social Consulting Forum through which businessmen, trade unions, and other groups of society will be consulted.

The agreements that will be signed in Ouro Preto will turn the Mercosur as of 2005 into a free trade bloc of nearly 200 million consumers, 12 million square km, and production worth $750 billion.

Customs Union Approved

PY1712025694 Sao Paulo AGENCIA ESTADO in Portuguese 2151 GMT 16 Dec 94

[FBIS Translated Text] Ouro Preto, 16 Dec (AE)—Brazilian President Itamar Franco, Uruguayan President

Luis Alberto Lacalle, Paraguayan President Juan Carlos Wasmosy, Argentine President Carlos Menem, and their respective foreign and economy ministers will sign tomorrow at the Inconfidencia Museum the agreements for the creation of a customs union between the four countries. The customs union will become effective on 1 January 1995. The presidents will also sign the Ouro Preto Protocol granting the Common Market of the South (Mercosur) a legal identity to negotiate agreements with other economic blocks such as NAFTA, the EU, and the Asian countries bloc (APEC) [Asia Pacific Economic Cooperation].

As of 1 January, 85 percent of the 9,000 items that pay a tariff in the Mercosur area will pay zero tariff when traded between Brazil, Uruguay, Argentina, and Paraguay. The tariff of the remaining 15 percent of the items will gradually fall to zero by 1999. In the case of Brazil, this list, which is called harmonized [de adequacao], has 29 products and includes peach juices, wines, cotton fabrics, and milk products.

Uruguay is the country with the greatest protection and a list of 950 products. Following is Paraguay with 427 products, and Argentina with 221 products. Ambassador Jose Arthur Denot Madeiros, head of the Brazilian negotiating team, said the agreement represented "extraordinary progress" despite the large number of products that will have their tariffs reduced in five years. "The process was marked by pragmatism and gradualism," Denot admitted.

Eighty-five percent of the products already have a Common External Tariff (CET), which will be used for trading with countries that are not members of the customs union. The tariff for importing 15 percent of the list of items will be reduced—or increased, depending on the case—by 2001, when they will become part of the CET. Some products will have time until 2006 to reduce their tariff rates.

Brazil's list of exceptions include capital goods (industrial equipment and machinery), and informatics and telecommunications products. These products will pay a high import tariff of nearly 30 percent, but this tariff will drop to 16 percent by 2001. Argentina, which pays zero tariff for these products, will raise its tariff on them to 16 percent by 2001. "Pragmatism prevailed," Ambassador Denot Madeiros said.

It was not possible to reach an agreement between the four countries in the area of car manufacturing (spare parts, components, and vehicles). Brazil and Argentina closed a bilateral agreement that will become effective in January 1995, and all partners committed themselves to defining a common policy for the area by December 1997. This common policy will become effective in January 2000.

Finance Ministry's Economic Policy Secretary Winston Fritsch said that the agreement on car spare parts was positive for Brazilian industry. Brazilian spare parts used for replacements—which already represents 25 percent of the Argentine market—will pay zero tariff. Today the export of Brazilian spare parts to the Argentine market is linked to the import by Brazil of Argentine car spare parts.

Brazilian spare parts used in Argentine assembly lines will not pay taxes up to the limit established by the sum of the Argentine export of spare parts to the world, plus 20 percent of Argentina's volume of exports to Brazil. According to Argentine experts, this new criteria represent an increase of $200 million in the area of spare parts exports for Argentina. It was also agreed to end the quotas imposed by Argentina on the import of Brazilian heavy vehicles and buses. The quota used to be 7,000 vehicles per year.

In compensation, Brazil will give Argentine economy cars the same treatment granted to national economy cars (which pay 0.1 percent of the Tax on Industrialized Products—IPI). Argentina does not produce economy cars up to 1,000 cc. The smallest model they produce has an engine volume of 1100 cc.

Winston Fritsch admitted that the national industry was somewhat opposed to the agreement with Argentina, but stressed that differences are natural in a process of customs union. "This is an agreement where all parties must compromise," Fritsch argued. "Argentina's car industry did not like the agreement, either."

The Mercosur Council, which is attended by the four countries' foreign and economy ministers, decided to establish minimum amounts for packages carried back by tourists between the four countries. The limit will be $300 for items brought back over water, $150 through ground transportation, and $300 for purchases in duty-free shops.

Brazil will continue implementing its own ceilings, which are higher. The limit on duty-free purchases in Paraguay is set at $250 per person, or $500 if the purchase is made in duty-free shops. The limit for countries without borders with Brazil will remain at $500.

Protocol Gives International Legal Status

PY1712020094 Sao Paulo AGENCIA ESTADO in Portuguese 2202 GMT 16 Dec 94

[Report by Aldo Renato Soares]

[FBIS Translated Text] Ouro Preto, 16 Dec (AE)—The Common Market Council [Conselho do Mercado Comum], made up of economy and foreign affairs ministers, will be the Common Market of the South (Mercosur) organization in charge of negotiating with other economic blocs beginning in January 1995. The Ouro Preto Protocol, which will be signed tomorrow by the presidents of Brazil, Uruguay, Paraguay, and Argentina, gives Mercosur the status of an internationally legal entity.

The protocol is an addition to the Asuncion Treaty signed in 1991, which did not contemplate an international legal status for Mercosur. Negotiations will no longer be conducted between a Mercosur country and a determined economic bloc. "Negotiations with other free-trade areas will be conducted by Mercosur, which is made up of the four countries together," said Ambassador Jose Arthur Denot Medeiros, Itamaraty deputy secretary for integration.

Medeiros noted, however, that all Mercosur organizations will be intergovernmental, and not superior to the governments of any one of the nations. Concretely, this means that each country will have to adapt to a future integration. "The current stage of Mercosur presumes intergovernmental organizations," Medeiros added.

In the European Union, which is at a more advanced stage of integration, community policy goes beyond national laws (there is even a European Parliament). Winston Fritsch, economic policy secretary for the Brazilian Finance Ministry, admitted that it would take some time for Mercosur to become a common market. He pointed out: "We don't even know how we will get there, but we are taking the first steps in this regard."

According to Denot Medeiros, before 2001 the four countries will again discuss the next steps to be taken toward full integration. There are already dozens of Mercosur groups and subgroups analyzing each country's national laws on labor, education, social security, health, and judicial systems, among others. "We have progressed very much in four years," Medeiros pointed out. He recalled that the establishment of the European Union was under discussion for 40 years. The Ouro Preto Protocol will have to be approved by each country's congress, but measures of a temporary sort, which will be adopted beginning 1 January 1995, have been included in the document.

The protocol has 48 resolutions and deals with the institutional profile of the Mercosur. It establishes the Trade Commission, which will decide on trade frictions among the member countries, and an Economic and Social Consultant Forum, which will have consultant character and will be comprised of representatives of entrepreneurs, governments, and labor unions from each of the countries. The protocol, which will not be made known until tomorrow, also has an agricultural code that is more liberal than the one agreed upon during the Uruguay Round of the GATT talks, a protocol on legal guarantees, and a customs code.

Mercosur Banks Sign Accord

PY1712021794 Sao Paulo AGENCIA ESTADO in Portuguese 2203 GMT 16 Dec 94

[Report by Janice Caetano]

[FBIS Translated Text] Rio de Janeiro, 16 Dec (AE)—The representatives of the Bank of Brazil, the Argentine National Bank, the National Development Bank of Paraguay, and the Bank of the Oriental Republic of Uruguay will make proposals to their respective governments so that their banks receive treatment as national banks, and not as foreign banks, when they operate outside their countries but within Mercosur [Common Market of the South]. This means that the Argentine National Bank, for example, would operate in the Brazilian banking system as if it were a Brazilian institution.

The credit of foreign banks is currently limited when they operate outside their countries. In Argentina, for example, the Bank of Brazil can only borrow about 35 percent of the money the bank moves in Argentina. "We want that percentage to be calculated based on the total assets of the bank conglomerate rather than on the revenues it obtains in the country in which it is operating," said Gilberto de Morais Garcez, Bank of Brazil exchange manager.

Such a proposal is under preparation, and will be officially submitted to the governments making up Mercosur on 31 March, when the official banks of Mercosur meet in Asuncion. The presidents of the Bank of Brazil, Alcir Calliari; the Argentine National Bank, Aldo Antonio Dadone; the Paraguayan National Development Bank, Mario Lujan Rodriguez; and the Bank of the Oriental Republic of Uruguay, Julio Rosa, today signed an agreement of credit and exchange cooperation to jointly operate in Mercosur.

The Bank of Brazil and the Argentine National Bank have already opened a $40 million line of credit. The Paraguayan and Uruguayan banks will also sign similar deals with the Bank of Brazil. According to Calliari, the demand for credit is increasing as a result of the trade agreement between the four countries. With this, the Bank of Brazil has to increase its own credit line from the $50 million established at the beginning of the year to $75 million at present.

Besides the credit lines, the document signed among the official banks of Mercosur foresees agreements for preferential charging [cobranca preferencial] and technical cooperation. Calliari also reported that Argentine banks are trading Bank of Brazil traveler's checks.

One of the difficulties in reaching a financial agreement is the banking legislation, which is different in each country. Some banking laws will also be redefined during the meeting to be held on 31 March. Argentine National Bank President Dadone said that because of the implementation of the stabilization plan Brazilian interest rates will become similar to those of Argentina. He said Brazilian interest rates are currently high because of international pressures, being quoted at about 14 percent (in dollars) and 20 percent (in local currency) annually. Before the stabilization plan in Argentina, interest rates varied between 40 and 60 percent annually.

Chilean State Bank President Andre Vicente Vergara also attended the meeting. He did not sign the credit agreement, as Chile is not a member of Mercosur. He nonetheless clearly stated that the Chileans will join Mercosur gradually and in the short term. Vergara also reported that Chile will join NAFTA, the free trade agreement among Canada, the United States, and Mexico. "There is no conflict in belonging to the two blocs," he said.

According to Vergara, trade exchange between Chile and the Mercosur countries has increased from 15 to 25 percent of Chilean exports, which amount to $11 billion this year. He added that the Chilean economic opening was positive on the one hand, but that the size of the national companies had diminished on the other. He mentioned the textile industry which, despite having been modernized, was reduced by half.

Presidents Sign New Trade Protocol

PA1712231794 Hamburg DPA in Spanish 1730 GMT 17 Dec 94

[FBIS Translated Text] Ouro Preto (Brazil), 17 Dec (DPA)—Today the presidents of Argentina, Brazil, Paraguay, and Uruguay signed the Ouro Preto Protocol, which transforms the Common Market of the South (Mercosur) into an "international legal entity." Beginning 1 January this entity will be empowered to negotiate on behalf of these four countries with other nations and blocs of nations, like the European Union and NAFTA.

Speaking at this historic summit, held today in the historic Brazilian city of Ouro Preto, Carlos Menem, Itamar Franco, Juan Carlos Wasmosy, and Luis Alberto Lacalle all said that the customs union [union aduanera] that will become a reality in 13 days will contribute to developing the economy of their countries and to improving living conditions for their people.

Likewise, the four presidents said that once this new aspect of Mercosur gets under way, the group will face new challenges in the sense that they will have to ensure that their macroeconomic policies and other areas of public administration conform. They must also expand the free trade zone to include other neighboring countries, like Chile and Bolivia.

The presidents of those two countries were represented at the Ouro Preto Protocol signing ceremony by Chilean Economy Minister Alvaro Garcia and Bolivian Foreign Minister Antonio Aranibar.

In his speech, Garcia said that despite U.S. President Bill Clinton's recent invitation to Chile to join NAFTA, "Chile's first priority is to progress in its association with Mercosur, not just through a trade agreement but through physical and cultural integration that can improve the living conditions of our people. [no closing quotation marks as received]

Likewise, Aranibar discussed his nation's "interest and commitment" in joining Mercosur and said that Bolivia, as a member of the Andean Pact, could play an important role in a future merger of the two integration blocs.

In their speeches at the summit, the Mercosur presidents stressed the need to make the protocol an instrument for improving the living conditions of people in the region.

"The integration we seek is in keeping with our forefathers' aspirations for freedom and our people's hioes for a future of prosperity and social justice," Brazilian President Itamar Franco said as in inaugurating the summit today.

In his speech, Argentine President Carlos Menem underscored the social aspects of Mercosur, through which the four member countries will be able to aspire to "eliminating poverty and unemployment."

Uruguayan President Luis Alberto Lacalle said that "Mercosur will become stronger as we use it, and integration will become effective once it stands for working more and living a little better."

Paraguayan President Juan Carlos Wasmosy said that Mercosur should not "become only a sum of tariff results or an automatic mechanism for the free circulation of merchandise, capital, services, and labor." It must simultaneously guarantee the principles of "political stability and international social justice."

The Protocol of Ouro Preto, an annex to the Treaty of Asuncion signed in 1991 by the four countries, creates the institutional structure of the new bloc and facilitates negotiations with other integrated groups in the region, like the European Union and the North American Free Trade Agreement. This will begin on 1 January, when Mercosur will take effect.

According to the document signed at the Museo de la Inconfidencia, the top body in the group will be the Common Market Council, comprised of the foreign and economy ministers of member countries. The Common Market Group will serve as the executive body.

The protocol says that Montevideo, the capital of Uruguay, will be the headquarters of Mercosur's Administrative Secretariat. Asuncion, the capital of Paraguay, will be the headquarters of the Arbitration Tribunal, which will be tasked with settling controversies between partners, in keeping with mechanisms established in 1991 in the Protocol of Brasilia.

Also ratified today was Mercosur's Commerce Commission, which was created in August in Buenos Aires, as well as two new bodies: a Forum for Economic and Social Consultation, made up of representatives of businessmen and workers in the four countries, and a Joint Parliamentarian Commission, which will have consultative and deliberative duties and will forumulate proposals.

The implementation of a customs agreement among the four countries and the free circulation of more than 90 percent of the products exchanged by these countries will also be effective on 1 January.

Operational guidelines for implementing the customs agreement were defined yesterday during a meeting of the foreign and economy ministers from the four countries, who approved in a "quick session" all the decisions adopted after three days of intensive talks during technical meetings of the Common Market Group, Mercosur's executive branch.

The ministers approved levels for the Common External Tariff (CET), an average of 12 percent, for more than 80 percent of the 9,000 products imported by the region from third countries; the lists of exceptions to the CET; and regulations on products that will be subject to adjustment, which will be excluded for four to five years from the free trade zone.

A common customs code was also approved that will take effect on 1 January. The four countries also agreed to appoint special committees to prepare proposals to adopt common procedures for the sugar and auto industries and to harmonize, if necessary, the elimination of government policies that hinder free competition.

Mercosur, the first experience with a customs union in Latin America, will be effective in an area with a population of almost 200 million inhabitants, average per capita income of more than $4.5 billion a year, and a GNP of approximately $800 billion.

Brazil and Argentina, the two largest partners in the plan, represent 95 percent of Mercosur's GNP.

Since the signing of the Asuncion Treaty of 1991, which laid the foundations for this ambitious integration plan, trade among the four countries has tripled, climbing from $3.4 billion to more than $10 billion.

"Based on the prospects of economic stability in Brazil, I believe that interregional trade by the year 1995 and beyond will continue growing at a very fast pace and could double in one or two more years," Argentine Economy Minister Domingo Cavallo said.

Cuba

U.S. Announces Panama Rioters To Remain Until 3 Mar

FL1712152294 Havana Radio Progreso Network in Spanish 1100 GMT 17 Dec 94

[From the "First Thing" program]

[FBIS Translated Text] George Crocker, spokesman for the U.S. Southern Command, stated during a press conference in Panama that approximately 400 illegal immigrants who took part in the recent incidents at the camps in the Canal Zone will remain there until 3 March, when the agreement, which has allowed the United States to confine a maximum of 10,000 rafters for a six-month period in Panama, expires.

Most of the 51 rafters who traveled to the United States from detention in Panama on 16 December suffered from chronic illness and were accompanied by family members.

Attempts To Relocate Rafters

FL1612230494 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Due to Panama's negative response to allowing the Cuban rafters to stay beyond 3 March, the United States is trying to relocate over 8,000 rafters in third countries.

John Bennett, charge d'affaires of the U.S. Embassy in Panama, confirmed that the United States has held talks with friendly countries requesting that they give shelter to the refugees. To date, Spain has accepted 72 Cubans, and another 51—mainly children, elderly, and sick people—were allowed to enter the United States. Costa Rica may allow entry of those people who have relatives in that country.

Meanwhile, there are reports today that Ernesto Perez Balladares's government declared 20 December as a national day of mourning in homage to those who died during the U.S. invasion of Panama. The Panamanian Government adopted this resolution after a meeting lasting several hours.

Panamanian Minister Cited on Rafters at U.S. Camps

PA1712173194 Havana PRENSA LATINA in Spanish 0700 GMT 17 Dec 94

[FBIS Translated Text] Panama City, 17 Dec (PL)—Panamanian Foreign Minister Samuel Lewis Galindo has suggested that some of the 8,000 illegal Cuban migrants housed in U.S. Southern Command camps in the area of the Panama Canal could be legally admitted into the country next year.

Lewis Galindo said Panamanian authorities do not plan to extend the official stay of the Cubans beyond 3 March—the expiration date agreed upon by the Panamanian and U.S. Governments—but he did not rule out that a certain number of them could remain in the country after the necessary steps are completed.

Panamanian President Ernesto Perez Balladares made a similar statement last week when he reaffirmed his decision to not extend permission for the refugees to remain at four camps in the interoceanic Canal areas under the jurisdiction of the U.S. Southern Command.

Various uprisings involving the illegal Cuban migrants prompted the arrival of more than 1,000 reinforcement troops for those U.S. soldiers who were stoned last week by thousands of camp residents who tried to flee the facilities.

About 31 Cubans are still missing in the jungle area around the camps. So far, only 100 have managed to enter the United States—children, elderly, and sick people—while 72 others have traveled to Spain.

Costa Rica announced it would welcome Cubans with relatives in that Central American nation. Meanwhile, Washington continues to make efforts to convince third-party nations to receive the rest of the Canal area prisoners.

Panama Rafters Report 'Abuse, Torture' by U.S. Soldiers

PA1712140794 Havana Radio Havana Cuba in Spanish 1300 GMT 17 Dec 94

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban rafters housed at camps at U.S. military bases along the Panama Canal feel intimidated and fear reprisals, several of the rafters told journalists who visited them following serious incidents last week

Those housed at Camp No. 1, where the most serious disturbances occurred, said they feel as though they are in a concentration camp. Cuban Luis Josue Garcia said that harshness, abuse, torture, and fear prevail in the camps. Garcia, who reported that a cut on his face was caused by a U.S. soldier, said some camp residents feel intimidated, and he added that U.S. soldiers committed abuses during operations to detain the alleged instigators of the disturbances.

General George Crocker, the Army chief under the U.S. Southern Command responsible for the rafters, assured that the refugees' human rights were never violated. Nevertheless, he admitted that force was used to restore order and arrest those who provoked the disturbances. About 400 of them are being housed in a preventive detention center.

Report Notes Two Images of Rafters Shown to Panamanians

PA1712031694 Havana Radio Havana Cuba in Spanish 0000 GMT 17 Dec 94

[Report by Eddie Zamora in Panama City from the "Evening Information Review" newscast]

[FBIS Translated Text] The Panamanian people who had grown accustomed to seeing the images on their television screens of Cuban rafters asking the United States to take them to U.S. territory, asking for freedom, accusing U.S. President Bill Clinton of having fooled them, and begging to be taken in by a third county now saw them staging the recent serious uprising during which more than 200 U.S. soldiers and almost 40 rafters were wounded, camps were damaged, hundreds of rafters escaped, two rafters died, rafter mothers cried for medical help for their children, U.S. troops assaulted the refugee camps, arrested rafters, tied their hands and feet, and pushed them to the ground as if they were dogs, according to statements by rafter Osvaldo Pena.

These same Panamanian television viewers were also able to see a special report on Channel 2 entitled "Those Who Stayed in Cuba." They saw the actual life of a nation of more than 10 million people who decided to stand by their revolution and Fidel. They saw the images of a people who stayed to bravely meet this special period with hard work, so they can overcome and meet their future. They saw images of [word indistinct] who proudly said that they did not know what drugs were, that they studied, worked, practiced sports, and enjoyed a healthy life. They saw images of the cathedral, the [words indistinct], the Zoology Center, the Hermanos Almeijeiras Surgical-Clinical Hospital, the produce markets, and university students explaining the Cuban Government's economic policy. They heard the words of Dr. Alexander Garcia. In simple words, he explained what the concept of resistance meant to the Cuban people.

The Panamanians have two images now. They have the two sides of the story. On one side they saw those who left the fatherland and their families and are now frustrated as they face a hopeless future; on the other they saw those who stayed in Cuba to fight for a better life, with trust in their future, their revolution, and their faith in final victory.

Situation of Cuban Rafters in Panama Reviewed

PA1712022294 Havana Radio Havana Cuba in Spanish 0000 GMT 17 Dec 94

[From the "Evening Information Review" newscast]

[FBIS Translated Text] A group of 51 illegal Cuban emigrants who were at camps on U.S. military bases in Panama were flown to the United States under a U.S. Justice Department program that benefits minors, the elderly, the chronically ill and their immediate family. A recent transfer of so-called rafters under this program, which carries them to the United States and Spain, has further aggravated the other illegal Cuban emigrants in Panama. They have staged protest riots at two camps, leaving more than 200 U.S. soldiers wounded and destroying vehicles and equipment.

On that occasion, 1,000 rafters managed to escape from the camps. Joint operations by troops of the U.S. Army Southern Command and the Panamanian police managed to get them all back on the bases, except for 31 who have not been located yet. These incidents, which also have claimed the lives of two rafters, who drowned, have elicited protests from the Panamanian Government and local humanitarian organizations that have demanded the United States find a swift solution to the problem. Panamanian Foreign Minister Gabriel Lewis Galindo did not discard the possibility of an undisclosed number of illegal emigrants from the camps in the Canal zone settling in Panama. He has reaffirmed the rest will have to leave.

Foreign Minister Begins Visit to Jordan

FL1712025294 Havana Radio Rebelde Network in Spanish 0000 GMT 17 Dec 94

[From the "Exclusive" program]

[FBIS Translated Text] Talal Sat'an al-Hasan, Jordan's minister of state for foreign affairs, greeted Foreign Minister Roberto Robaina at the airport in the capital. Robaina arrived in Amman for an official visit, and has a full agenda which includes meetings with several ministers and government officials, the parliament, the academic sector, the news media, and businessmen. In their first exchange Talal Sat'an al-Hasan and Robaina discussed the agenda of his visit; the Jordanian minister welcomed Robaina, stressing the importance of his visit, and expressed his desire to fulfill Robaina's invitation to visit Havana at the earliest opportunity.

Both ministers spoke to reporters at the airport regarding the objectives of the visit, and the state of Cuban-Jordanian relations. Later, Robaina met with a group of Cubans residing in Jordan and a large group of new entrants in Cuban learning centers. The meeting, held in an open and cordial atmosphere, served to inform the Cubans of the current situation on the island, the economy, and relations with the United States. Several participants expressed their interest in details of the current situation as well as their support of the Revolution, and disapproval of the blockade.

Tomorrow, Robaina will begin official meetings at the Foreign Ministry, and will meet with the Prime Minister and other government officials.

Received by King Husayn

PA1812163794 Havana PRENSA LATINA in Spanish 0154 GMT 18 Dec 94

[FBIS Translated Text] Amman, 17 Dec (PL)—King Husayn of Jordan today received Cuban Foreign Minister Roberto Robaina, who is currently on an official visit to that country as part of his Middle East tour.

Robaina delivered to King Husayn a letter from President Fidel Castro in which Castro reaffirmed Havana's support for the struggle of the Arab people.

Meanwhile, Husayn stressed the close ties of friendship with "his great and dear friend Fidel Castro."

In a cordial and congenial atmosphere, Husayn thanked Cuba for its just and firm position in favor of the Arab cause, paricularly during the Persian Gulf War.

He reiterated his country's desire to broaden and strengthen political and economic relations with Cuba, adding that Robaina's visit is an important step in encouraging these relations.

Robaina also met today with Prime Minister 'Abd-al-Salam al-Majali, who also serves as defense and foreign minister.

Robaina and al-Majali discussed various topics concerning the current international situation, as well as the current internal situation in Cuba, the state of its economy, and its relations with Washington.

Robaina thanked Husayn for his nation's support at the UN General Assembly condemning the blockade, and he stressed the desire of both nations to strengthen their ties.

As part of his agenda, Robaina and the delegation accompanying him also held official talks at the Foreign Ministry with Jordanian authorities headed by Talal Sat'an al-Hasan, minister of state for foreign affairs.

Both leaders outlined the foreign policy strategy of their respective nations and exchanged views on specific ways to increase cooperation between the two states.

During the talks, it was agreed that a delegation of Jordanian businessmen headed by al-Hasan will visit Havana.

Accompanied by his Jordanian counterpart, Robaina held an informal dialogue with representatives of Jordan's business and economic sectors.

Al-Hasan also gave an extensive explanation of the regional peace process and the recent agreements signed with Israel.

Meets With Senate President

FL1912031394 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina met Ahmad al-Lawzi, president of the Jordanian Senate, on 18 December to discuss the current situation in both countries. Robaina was interviewed from Jordan, the fourth stop in his tour through the Middle East.

[Begin Robaina recording] To be able to address a large spectrum of Arab society, particularly in Algeria, Libya, Tunisia, and now in Jordan, to be able to hear views on the complex situation of this region and to be able to amply explain the Cuban reality has been something that could not have been accomplished by any press report or any other effort, but by direct communication.

In addition, it was important for Cuba—besides the possibility of communicating with a vast representation of society—to bring the message to the leaders. We have met so far with the four presidents. They have received Fidel's message and have discussed their situation and the current situation in Cuba.

I believe this tour particularly stresses that it is untrue that Cuba is isolated from the world. It is not true, and does not agree with the communication to the economic, social, political, and parliamentary sectors that we have been able to establish here. There is awe at what Cuba is doing, and this awe puts us at a huge disadvantage because we should never disappoint those in such distant places who have produced the significant effort our people. [end recording]

Commentary: Chechnya Raises Doubts About Russian Survival

FL1512150794 Havana Radio Rebelde Network in Spanish 1255 GMT 15 Dec 94

[Commentary by Eduardo Dimas from the "Doing Radio" program]

[FBIS Translated Text] Almost from the very beginning of the Soviet Union's dissolution we started to hear about the interethnic conflicts in South Ossetia, Nagorno-Karabakh, Chechnya, and others. South Ossetia is part of the Republic of Georgia, while North Ossetia is part of Russia and both aspire to unite. Nagorno-Karabakh is a territory of Azerbaijan which is populated by Armenians, who want to unite with Armenia. Chechnya is an autonomous republic in Russia that wants its independence. In this case the conflict with the Russian Government began almost with Russia's creation, even though it has deeper roots which go back to the formation and consolidation of the Tsar's Russia. The Tsar's regime did not dominate the Chechen people until sometime in the 19th century. At the beginning of the Russian Revolution there were new attempts at independence which were controlled. Later, during World War II, the Chechens were moved out of their territory and taken to other places in the Soviet Union because—or so it was said—of their collaboration with Nazi occupation forces. It was during Leonid Brezhnev's government—1964 to 1982—that they were allowed to return to their homeland.

As we can see the Chechen problem is very old, very complicated, and it is Army and Interior Ministry forces entered Chechnya. They now control a large part of that republic and they surround its capital, Groznyy. During the fighting quick-reaction artillery, tanks, and helicopters have been used. There have been a large number of casualties on both sides and fighting could continue in the next few hours. At this very moment, talks are being held in Vladikavkaz, North Ossetia's capital. There is little hope for a peaceful resolution to the conflict, after Russia's demand that Chechnya return to the federal structure, which is rejected by Groznyy. Russia also demands a cease fire and that all illegal formations surrender their weapons. These conditions are accepted by the Chechens only if Russian troops withdraw from Chechnya.

Personally, I think that if both sides were to reach an agreement it would be very fragile because it would not resolve the Chechen people's demands, as the majority wish to be independent. On the other hand, Russia could be wrapped up in a long and bloody war with very few tangible results except for keeping a hostile territory, in which it will be very difficult to maintain peace. Therefore, it is a dead-end street.

The conflict in Chechnya has generated concern in Europe. President Clinton has stated that this is a Russian internal affair. Chechnya is something like a ghost from the past that comes to the present and raises doubts about Russia's survival as a united country, because it is not the only autonomous republic that wants its independence. That great state's stability, with 168 million inhabitants, will depend on how Russia acts in Chechnya. Let's wait and see.

Castro Applauds Success of Science, Technology Forum

FL1712150394 Havana Radio Rebelde Network in Spanish 1000 GMT 16 Dec 94

[From the "Doing Radio" program]

[FBIS Translated Text] Commander in chief Fidel Castro attended the final session of the 9th National Science and Technology Forum at Havana's Convention Center on 16 December. Castro appreciated their contributions.

[Begin Fidel recording] I have the impression that this movement works: It is showing excellent results. I also have the impression that Cuba is privileged to have such a movement. I have not heard of, and do not believe there is, such a movement in any other place. At times I have said that Cuba is the country with the most doctors per capita, but we could also say Cuba is the country with the most researchers, the most people in science and technology per capita.

One may hear the numbers and be impressed. However, we need to think to be able to understand the significance of scientists presenting their work, of having 263,000 authors [words indistinct] in a country such as ours, who are not discouraged by problems, and are able to think. I believe that having 263,000 authors says a lot about the significance of the movement, and about [word indistinct], and science and technology in the administration. [end recording]

Stresses Medical Exports

FL1712161794 Havana Radio Rebelde Network in Spanish 1255 GMT 17 Dec 94

[From the "First Thing" program]

[FBIS Translated Text] During the closing session of the Science and Technology Forum, Fidel Castro stated that science and technology will enable us to live without suffering the same conditions that were in Cuba before the Revolution's triumph. Fidel Castro pointed out that only science, technology, and the diversification of our economy will allow us to earn our wages in a more humane manner. He added:

[Begin Castro recording] We must export medicines. We must obtain benefits because we have assigned a task to our hospitals, a fundamental task—self-financing. There are some hospitals that are financing themselves in foreign currency. The number of people coming to Cuban hospitals for treatment increases. We have told them to reserve 20, 30, or 40 beds to cover the costs of medicine, clothing, and usable materials. We have given many hospitals the task of becoming self-sufficient. Gomez Cabrera was talking about the problems at the Hermanos Almejida. They have a number of beds, modern and advanced equipment, but in recent years have not had the resources to obtain spare parts. They have sonagrams [word indistinct] nuclear and magnetic, linear accelerators, and other equipment, some of the best. We would place this equipment there, precisely to control technology. Can they achieve self-sufficiency? Yes, with 10 percent of the beds. We can clearly explain to the people: Look here, one of every 10 beds is going to be dedicated to paying the hospital's costs. This way, there will be no lack of spare parts—those we cannot make ourselves—raw materials, medicine, or raw materials to make the clothing needed at the hospitals. We have given many hospitals this task. [end recording]

Castro stated that we need to create the conditions that will enable us to live on our labor and intelligence. He made reference to the spirit of cooperation among scientists and technicians:

[Begin Castro recording] The spirit of cooperation that has been created by this movement is true socialism and should be listed in the socialist catechism—cooperation among the sugarcane complexes with a sole owner, the people; cooperation among all types of agricultural enterprises and cooperatives with a sole owner, the people; cooperation among research and production facilities with one sole owner, the people; cooperation among scientific facilities, technicians, and scientists who serve only one propose and one interest, the people. That is socialism and that is our socialism. Now, when there are so many crises of ideas and confusion throughout the world, we should be proud to have all these things. When we say—to preserve sovereignty, independence, and the Revolutions' accomplishments—we are defending all of these things. We are defending this forum. With capitalism, it would be impossible to hold a forum such as this science and technology forum. Everyone would become enemies. [end recording]

Defends Revolution

PA1712171294 Havana PRENSA LATINA in Spanish 1026 GMT 17 Dec 94

[FBIS Translated Text] Havana, 17 Dec (PL)—President Fidel Castro assessed the innovation and invention displayed by the movement of Cuban scientists and technicians at the closing of a science and technology forum in this capital.

The leader of the revolution said the movement is progressing well and is producing excellent results, and he pointed out that Cuba is a privileged country for having something like this, which is difficult to find elsewhere.

He said Cuba is perhaps the nation with the most researchers per capita, and it is essential to realize that more than 263,000 inventors presented works at this forum.

Castro stressed that this speaks highly of the strength and technology of the revolution, because there were 256,600 presentations and more than 1 million participants, starting with the basic meetings.

He said these sizable figures are impressive but that they do not undermine rigor, because, although the primary goal is to have a massive movement, scientific rigor must also be maintained.

The Cuban chief of state recalled that the movement's creation responded to the need to produce spare parts, because the country did not get enough even when the socialist bloc existed. He pointed out that it would be necessary to create the movement today if it had not been created 14 years ago.

Castro said today we know that nothing discourages learning more than abundance, because when we compare the situations of the past to those of the present, after having lost 70 percent of our imports, we realize we are working with one-fifth of what we had.

He noted that research centers have worked hard since then and continue to do so now in more difficult times.

Castro pointed out that there is greater awareness of the importance of science and technology since the birth of the revolutionary process, when such centers began to be created.

He added that this is why it is necessary to protect the scientific fruits of patents, because the country needs all of the economic resources that science can contribute, and we must be discreet, because some already want to seize the fruits of Cuban research.

Castro, however, pointed out that there could be cases in which, for humanitarian reasons, scientific knowledge could be donated to humanity, and, as an example, he cited the recent discovery of a surgical technique for retinitis pigmentosa developed by Dr. Orfilio Pelaez.

This technique is a Cuban discovery, President Fidel Castro noted, but if millions of people in the world require it and we are unable to assist all of them here, it would be wretched or inhuman to behave selfishly with this knowledge.

After recalling the misery and poverty of a large portion of this country's population, especially peasants, before the triumph of the Revolution, Castro reaffirmed that those times will never return.

He noted that one of the revolutionary government's first goals was to modernize agriculture, and he recalled the agricultural mechanization phases of the past decades, including that of rice and sugarcane production.

Castro said all of this, along with irrigation and fertilization programs and the use of herbicides and other modern technologies, led to high agricultural yields.

He added, however, that although those ambitious plans were progressing well, they were stopped by developments in other parts of the world that had negative repercussions on Cuba.

Today, the president noted, our problem is to ask ourselves what we should do and how we should do it until we have more resources.

Fidel Castro recalled that factories to make irrigation machines and other equipment were set up at that time to increase the production of sugarcane and other crops by 100,000 hectares a year.

I am sure, he added, that in this way we would have had enough sugarcane to produce 10, 11, 12, or 13 million tonnes of sugar, because the country had the potential to do this and we had an enormous market at our disposal.

Castro reflected on the logistics of agreements with the former socialist bloc to purchase fuel, raw materials, and food, when a tonne of sugar was equivalent to six tonnes of wheat and a yield of 30 tonnes of sugar per hectare was possible.

He added that today the situation is extraordinarily different, and although sugarcane is still necessary, one day the country will be able to collect more revenues through tourism, biotechnology, or the pharmaceutical industry.

Castro pointed out, however, that even today Cuba depends on sugar, but without irrigation, fertilizers, or herbicides, its sugarcane harvests yield less than in the past, and this increases the cost of sugarcane significantly.

The chief of state said it is imperative to overcome difficulties and increase yields, and this is one of the most difficult goals of the times in which we are living and of agriculture in general.

He said various formulas for financial aid are being discussed to obtain better-quality sugarcane and to reduce production costs, adding that increased production would help pay irrigation and fertilization expenses and leave a margin of profit for the country.

Castro stressed the importance of science and technology, saying it will contribute to the country's economic development without having to revert to the working and living conditions the Cuban people endured before the triumph of the revolution.

In the past, he said, we were forced to resist these things, but today science and technology and the diversification of the economy are a means to earning a living under improved conditions.

When I mention science and technology, I am saying that we must create conditions that will enable us to earn a living with our sweat and intelligence, and to do so as human beings, because under capitalism most of workers in our country lived like animals.

This is the destiny, he said, the capitalist world has in mind for Third World countries: the dirtiest industries and the hardest work they do not want in their own countries.

There are mixed administrations and mixed enterprises in our hotels, but not in our research centers, he said, adding that if anyone presents a good investment proposal for a new center, it must be studied.

Regarding the spirit of cooperation created at the forum, Fidel Castro stressed that this is what socialism is all about:

Cooperation among sugar mills under a single owner: the people; cooperation among all farming enterprises and cooperatives under a single owner: the people; cooperation among research and production centers that have one owner: the people; among experts and scientists who have one objective and one interest: the people's interest.

This is socialism, he said, and now that there is an ideological crisis in the world, we should be proud of it.

Castro recalled that many changes and concessions have been made based on the world's reality. He added, however, that just as parents care for their children, the revolution will defend its achievements.

He said that current circumstances have made it necessary to act in certain ways and do many things, but that no one should be confused and everyone should have a clear picture of what we want to accomplish. If we explain this to the people, they will always understand, because they do not want to return to the past, he added.

Fidel Castro said man is not an animal who can be pulled by his nose, and he recalled various phases in Cuban history since its independence up until today, noting that solidarity among men and people can only be imagined under socialism.

We have the right to continue building, he added, to continue improving ourselves and doing things better, because when we become a prosperous country again, I hope we will really know how to manage it efficiently.

Regarding tourism, Castro mentioned the construction under difficult conditions of causeways leading to natural paradises—areas such as Cayos Coco, Sabinal, Santa Cruz, Romano, and others.

He also recalled the recent inauguration of the Molecular Immunology Center—a wonder of high scientific value. He added that on this same day, a group of workers practically finished the construction of El Cohiba Hotel, the largest in the country, and this also was done during the special period.

He said the completion of these projects shows that many things can be done to bring convertible currency to the country.

Centers such as the Molecular Immunology Center, he added, put us at the same level as developed nations, which surprises our visitors.

Regarding the pharmaceutical industry, he said Cuba is competing in the market with powerful multinational companies, which is very difficult. He added that it is no longer easy to compete with Cuban accomplishments.

Castro said that what visitors admire most and makes them invest in Cuba is the people's cultural level and intelligence, as well as the honesty of its incorruptible officials.

President Fidel Castro recalled that for five years Cuba has been resisting the collapse of the socialist bloc and continues advancing in many directions, noting that it has managed to stop its fall and is now experiencing a slight recovery.

The path we are following, he concluded, is beginning to bear fruit, not only because it is heroic, but because it is the most intelligent and has won the admiration of the world, of honest people who have placed their hopes in Cuba.

Torres, Ramon Castro Address Forum

FL1512012794 Havana Radio Rebelde Network in Spanish 1000 GMT 14 Dec 94

[From the "Doing Radio" program]

[FBIS Translated Text] During a discussion of food production issues at the National Sugar Industry Training Center, the secondary headquarters of the ongoing 9th Forum on Science and Technology in Havana, Nelson Torres, sugar minister and Politburo member, stressed the need to produce as much sugar as possible with the small amount of sugarcane available during the upcoming sugarcane harvest.

Torres initiated the discussion process which has been taking place since August in each agro-industial complex, to restore to farms and industries the discipline that has deteriorated in recent years.

Ramon Castro Ruz, agricultural adviser, presented his work entitled "The Missing Link in Sugar Production," in which he addressed some practices that have damaged production in the past, such as excessive demolition, lack of sugarcane drainage, indiscriminate burning, and soil compacting.

Alarcon at Havana APPP: 1994 Results Encouraging

FL1712171094 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, stated during the closing session of the [words indistinct] Havana Province People's Government Provincial Assembly [APPP], that 1994 results are encouraging. The Assembly analyzed the sugarcane harvest and food production, among other issues.

[Begin Alarcon recording] Of the lessons, conclusions we reached this year was confirmation of the correctness of our strategy, that it is possible to achieve, and that we can achieve it. We can see in this phase how certain measures have begun to allow us to slowly pull away—with limitations, or in part, et cetera—from the difficulties. In some sectors we are beginning to show positive signs. [end recording]

It has been a difficult year in which Havana Province has begun to overcome difficulties in its economic sectors. The APPP analyzed the sugarcane harvest—in this province there are harsher sugar quality controls Work goes on in an organized manner during the cutting and grinding stages to maximize all capabilities.

Another issue discussed at the meeting was Havana Province's financial state, which shows positive results. Benefits have increased and costs have decreased. The APPP also studied low-cost housing construction, Bejucal Municipality presented its progress report and approved the state's general objectives for 1995.

Social Spending Focus of 1995 Budget

PA1512024094 Havana PRENSA LATINA in Spanish 1909 GMT 14 Dec 94

[FBIS Translated Text] Havana, 14 Dec (PL)—Cuba's 1995 draft national budget focuses on social spending despite the country's current economic situation.

The legislature's permanent commission in Havana examined the document and listened to a report by Ruben Toledo, vice minister of finance and prices, who explained the nature of the proposition, which will be debated at the next ordinary session of the National Assembly of the People's Government on 20 December.

Among the expenses programmed in accordance with the bill, which must be approved by the Assembly plenum, are a 4.4-percent increase in funds earmarked to finance education and a 1.9-percent increase for public health, based on the estimated execution of the 1994 budget.

There was also a 58.4-percent increase for social assistance funding and a 5.5-percent increase for scientific-technical activities.

According to the proposition, the state budget for community services and housing will increase 4.1 percent compared to the 1994 budget.

Toledo explained that the preparation of this draft bill was based, among other goals set for next year, on strict budget execution controls, the reduction of subsidies for business losses, and an increase in budget revenues.

The country plans to continue to decrease the budget deficit, which it has already done to a significant extent this year, to improve the efficiency of financial management, and to establish that the approval of subsidies will depend on the proper execution of the policy of directed collections and payments.

It must be noted that the considerable increase in the amounts earmarked for social assistance will guarantee protection for all workers.

Guantanamo Province Harvest Sets Special Period Record

FL1512000094 Havana Radio Reloj Network in Spanish 2032 GMT 14 Dec 94

[FBIS Translated Text] One million quintales of tubers, vegetables, and grains have been harvested in Guantanamo Province to date. This is the first time this figure has been reached during the special period. Although it is barely 50 percent of the demand, it represents a major leap in view of the current situation, which is marked by resource shortages and damages caused by heavy rains on four occasions in 19 months. The cluster of plantains that completed the million-quintal figure was cut down today at the Chutines Basic Cooperative Production Unit, a vanguard unit that uses the microjet irrigation system.

(Ridel Diaz Leiva), first secretary of the Communist Party of Cuba in Guantanamo, praised the contributions of the almost 3,000 members of the Segundo Frente Oriental Frank Pais Agrarian Contingent.

Inter-Caribbean Affairs

Caricom, U.S. Form Team To Resolve Banana Problems

FL1712011394 Bridgetown CANA in English 1956 GMT 16 Dec 94

[By Linda Hutchinson]

[FBIS Transcribed Text] Port of Spain, Trinidad, Dec. 16, CANA—The governments of Caribbean Community (Caricom) countries and the United States have agreed to form a joint technical working group on bananas following a meeting on the issue.

The meeting between the U.S trade representative, Mickey Kantor and Caricom officials was held last week during the Summit of the Americas to discuss concerns expressed by Caricom banana producing countries, official sources told CANA.

The meeting last week was held to discuss actions by the U.S-based company, Chiquita Brands, a major central American banana exporter, which filed a petition with the U.S trade representative's office effectively calling on the department to investigate the preferential treatment afforded Caricom banana producers in Europe.

"That (petition) is now on hold," the Caricom official told CANA.

"We also see it as very significant...very positive."

According to the draft terms of reference for the working group, the technical officers will examine issues raised in the context of the U.S investigation under section 301 of the U.S trade law.

It will examine the U.S concerns about certain elements of the European Union banana regime and provide the results of their work to their governments for subsequent consultations.

The meeting took into account, the re-affirmation of the U.S government of its support preferences for the Caribbean, including those provided for under the Lome convention.

Welcoming the statement of the U.S government of its support for the waiver for the Lome convention under the GATT (General Agreement on Trade and Tariffs) until the year 2002, the meeting took into account the concern of Caribbean countries for balanced arrangements in international trade for bananas that will ensure both reasonable access and income for their produce.

It took into account the concerns of the U.S government about certain elements in the current European Union banana regime which the U.S government regards as discriminatory and burdensome.

It also recognised that it was important that each party understood the concerns and situation of the other as a first step towards the clarification of the issues involved.

Anguilla

Bank Established To Thwart Money Laundering

FL1712021694 Bridgetown CANA in English 2119 GMT 16 Dec 94

[By Wycliffe Richardson]

[FBIS Transcribed Text] The Valley, Anguilla, Dec. 16, CANA—Anguilla played a key role in a secret international attack on major money-launderers and drug-traffickers over two years, officials here reported. Details of the international under-cover action, code-named Operation Dinero, were released simultaneously in the USA, the UK, Italy, Spain, and Anguilla Friday.

The international operation was against the Cali drug cartel of Colombia. In close cooperation between British and US law enforcement agencies, Britain and the USA agreed to use the international financial system to fight drug money-laundering. The agreement resulted in the establishment of a bank in Anguilla, a British colony, with the support of the Governor, Alan W. Shave.

The secret arrangement was also used to test the efficiency of Anguilla's offshore finance registration procedures: these were said to have worked so efficiently in fact that the international operation would have been frustrated had the Governor not intervened to instruct that the banking venture be allowed to run its course.

The bank concerned was used as an investigative probe. As a direct result of Anguilla's involvement, a unique insight was gained into the activities of drug cartels and money-launderers, turning the international banking system against them, according to information released by the Governor's office.

The information gathered during Operatiion Dinero has resulted already in many major seizures of assets and arrests in the USA, Italy and Spain in recent weeks. Investigations continue and further arrests are expected.

Anguilla's involvement in Operation Dinero began in 1993. The Territory was apparently chosen because of its excellent record of working closely with the US, Dutch and French authorities to combat drugs and money-laundering. Only the Governor and Deputy Governor, Harry McGrory, were aware of the operation in Anguilla to protect the security of plans.

The lawyer acting for the banking group and staff of the Anguilla Offshore Finance Centre were not informed of the true nature of the banking venture.

Despite the bank's well prepared credentials, the Supervisor of Offshore Finance became suspicious of the investment proposal. He only agreed to allow the bank to continue when instructed to do so by the Governor.

It is expected that Anguilla will eventually receive a generous share of seized assets from Operation Dinero, officials here say. Meanwhile, Anguilla has further demonstrated its commitment to the fight against international white-collar crime.

The test of Anguilla's offshore finance sector, without any advance warning, has shown that questionable investments in the banking sector could be blocked at the outset. Governor Shave said: "I am confident that our successful role in Operation Dinero will demonstrate to the world the soundness of Anguilla's offshore monitoring controls.

"This will certainly attract clean offshore investment funds to the island. It will also show would-be money-launderers that this island is no soft option for their illegal activities. That is just the signal we need to send to worldwide financial institutions as we prepare to launch imaginative new offshore investment initiatives next month."

Bahamas

Prime Minister Pledges Fight Against Money Laundering

FL1612122694 Bridgetown CANA in English 2026 GMT 15 Dec 94

[FBIS Transcribed Text] Nassau, Bahamas, Dec 15, Cana—Bahamian Prime Minister Hubert Ingraham Wednesday pledged his government's commitment to fight the laundering of "illegal profits of crime" internationally.

"We are not anybody's laundry," Ingraham told members of the House of Assembly the day after returning from the Summit of the Americas in Miami, attended by 34 Western Hemisphere countries. "Part and parcel of the agreements reached is the firm commitment to combat the production, traffic, and consumption of illicit drugs, and to act against money laundering and international terrorism," said Ingraham. "I am pleased to recall that the Bahamas is party to all the international anti-narcotic conventions, and continues to be active in regional and hemispheric initiatives to combat money laundering."

Ingraham told parliamentarians that they will be called upon to adopt new, comprehensive legislation against money laundering of the criminal proceeds of illegal activity during the current session.

"We are a lawful state in good standing in the international community, and we will do our part in the fight against the laundering of illegal profits of crime. We are not anybody's laundry and we do not want anybody's dirty money in the Bahamas, not on our watch," he said.

The Government of The Bahamas, he said, "is in full accord with all these anti-corruption initiatives. All of them are efforts, which will serve to strenghthen and enhance our reputation as a responsible, clean, and reputable financial services centre and tourism destination."

On the economic front, the Bahamian leader said the Miami summit sought to "liberalise trade among hemispheric partners and to reduce tariff- and non-tariff barriers to trade and investment in goods and services, thereby promoting economic expansion and job creation." Success in this area, he said, held "great promise for all the economies of the region."

"Leaders meeting in Miami were not unmindful of the difficulty in realising a trade plan that seeks to link the economies of so wide-ranging a number of countries at varying levels of economic development. For this reason, the agreements recognise the final decisions on trade will forever remain the sovereign right of each nation."

The timing of the entry of countries into the proposed hemispheric free trade zone, Ingraham said, "individually or in concert with sub-regional partners, will be determined by individual states, as will the form of each country's participation in the trade agreement. Hence, while the structure of the Bahamas' economy does not provide for the elimination of tariffs in the traditional "free trade" sense, the goal of removing barriers to trade and investment is consistent with my Government's stated policy to increase the transparency of the business and investment environment of the Bahamas, and to remove the bureaucratic red tape which, in the past, served to discourage international investment in this country. The confusing number of different tariff rates in force in The Bahamas today have required substantial legislation to exempt from tariffs or to provide tariff concessions to encourage both domestic and international investment.

"Incentive legislation, in turn, has required its own implementing and regulating bureaucracy. I was, therefore, pleased to join with the governments of the Americas in a pledge to work towards greater transparency in trade and investment regimes, removing barriers and conditions to the expansion of trade and investment, developing and liberalising capital markets, and creating business environments particularly friendly to the development of micro enterprises and small businesses," Ingraham said.

Cayman Islands

Cuban Refugees Return to Homeland

FL1912002794 Bridgetown CANA in English 1520 GMT 18 Dec 94

[FBIS Transcribed Text] George Town, Grand Cayman, Dec 18, CANA—Twenty-one Cubans, including three women, who had been interned in the government's tent city refugee camp for the past three months, have returned voluntarily to their homeland aboard a chartered AeroCubana jetliner.

The group, which left here Friday, had been waiting more than three weeks for clearance from the Cuban Government, said Jesus Garcia, one of those returning.

"We were tired of living in a big tent with 30 other people, not being able to work, not being able to go out, not knowing what would happen to us. It was very boring," he added.

The departure of the 21 brings to 30 the number of Cubans returning to communist Cuba voluntarily since the major influx of Cubans fleeing their island nation began here in late August.

Haiti

OAS Chief To Deliver Plan of Action to Aristide

FL1612135994 Bridgetown CANA in English 2204 GMT 15 Dec 94

[FBIS Transcribed Text] Washington, D.C., Dec 15, CANA - The Secretary General of the Organisation of American States (OAS), Cesar Gaviria, on Friday delivers to President Jean-Bertrand Aristide a proposal for OAS action in the country.

The proposal contains the main activities to be carried out by the OAS in the short and medium terms as a contribution to institutional rebuilding in the Haitian nation.

Activities included in the proposal are programmes for the protection of human rights, strengthening democracy, monitoring of elections, civic education, cooperation between the OAS and the United Nations and environmental protection.

Some of these programs will be implemented in cooperation with the OAS-UN Mission, another within the scope of OAS technical cooperation and with participation of the OAS Unit for the Promotion of Democracy.

Dr Gaviria's visit will coincide with the celebrations for the fourth anniversary of Jean-Bertrand Aristide's election as constitutional president of Haiti.

The Secretary General will also meet with prime minister Smarck Michel and with the UN's Special Representative Lakdar Brahimi.

Aristide Announces Resumption of Cruise Line Stops

FL1612194894 Bridgetown CANA in English 1834 GMT 16 Dec 94

[FBIS Transcribed Text] Miami, Florida, Dec 16, CANA - Royal Caribbean, a U.S.-based cruise line which sails through the Caribbean, is resuming stops at the Haitian port of Labadee from January 23, 1995, according to an announcement here Friday. The announcement was made jointly by Richard Fain, Royal Caribbean's chairman and chief executive officer, and visiting Haitian president, Jean Bertrand Aristide.

Royal Caribbean had stopped calling at Haiti in compliance with economic sanctions imposed by the world community against the Raoul Cedras-led former military dictatorship. These sanctions ended in October when the military government, under threat of being ousted by U.S. military force, stepped down and allowed the reinstatement of Aristide who was toppled in a bloody coup in 1991.

The announcement said Royal Caribbean expects to bring some 250,000 cruise ship visitors to Haiti in 1995 and contribute in excess of US10 million to the national economy.

Labadee, on the north coast of Haiti, has been an exclusive Royal Caribbean destination of ships since 1985. Two of the company's ships, Sovereign of the Seas and Majesty of the Seas, which both sail from Miami, will be making weekly calls at the port.

Government Issues Communique on Anniversary of Aristide's Election

FL1612214794 Port-au-Prince Signal FM Radio in French 1130 GMT 16 Dec 94

[FBIS Translated Text] The government of the republic honors the historic importance of 16 December. In a press communique, the government says that 16 December 1990, for the first time in 200 years, the Haitian people were able to express themselves freely through elections in favor of their democratically-elected president, Mr. Jean-Bertrand Aristide. This date constitutes the starting point of democracy in our country and it is this same historic day of 16 December which rallied the resistance over the past three years and ensured the return to democratic order. This return must be confirmed in the facts and the democratic process must gain ground day by day. The communique said all sectors of Haitian society must participate in the development of a state of law in Haiti in regard to justice, reconciliation, and the development of the nation.

On the occasion of 16 December, the government of the republic hails the Haitian people for their courage and their determination and confirms its commitment toward the nation, in setting everything up, working toward democracy and reinforcing our institutions.

Anniversary Discussed

FL1612210694 Port-au-Prince Signal FM Radio in French 1130 GMT 16 Dec 94

[FBIS Translated Text] 16 December 1990 to 16 December 1994, already four years since Jean-Bertrand Aristide was proclaimed president by an overwhelming majority—67 percent of the votes. The elections unfolded under the strict supervision of the United Nations and the OAS. The President of the republic took office on 7 February 1991 as stipulated by the 1987 Constitution. A few months later, while the government busied itself working out projects for the start of the country, a bloody coup d'etat on the initiative of General Cedras came to turn the situation upside down. The streets were strewn with dead bodies and the president was sent abroad. There was total anguish. However, the hope to see the one elected on 16 December [1990] back in the country did not evaporate. The people resigned themselves to carrying a millstone around their neck beyond the circumstances characterized by a difficult embargo and especially a traumatizing insecurity phenomenon. After several rounds of sterile negotiations in Washington, Cartagena, and other places, Bill Clinton's government, severely harassed by U.S. public opinion, finally decided to take stronger action. Thanks to former U.S. President Jimmy Carter, after they had showed themselves intransigent for a long time, the putschists finally decided to peacefully resign on the evening 18 September, the same day that dozens of murderous aircraft headed for Haiti to drop devastating bombs there. The landing took place without bloodshed and this operation called 'Uphold Democracy' [last words in English] ended on this 15 October with the return to the country of President Jean-Bertrand Aristide.

Trinidad and Tobago

Paper Awaits 'Tangible' Results From Miami Summit

FL1512145094 Bridgetown CANA in English 1341 GMT 15 Dec 94

[Quotation marks as received]

[FBIS Transcribed Text] Port of Spain, Trinidad, Dec. 15, CANA—Following is the text of the editorial of Thursday's EXPRESS newspaper:

"Foreign minister Ralph Maraj is sanguine and self congratulatory as he reports upon what this country appears to have gained from its participation in the Miami Summit of the Americas. If indeed the Trinidad and Tobago government could be said to have gained something of value from the Miami sessions, that is truly a reassuring outcome. After the initial enthusiasm for the idea of this historic meeting of the hemisphere's national political leaders put forward by US Vice President Albert Gore, hopes for useful results had dimmed over the succeeding 12 months.

The embattled Clinton administration had itself appeared to have less and less time to devote to its avowed mission of building hemispheric solidarity and cooperation on matters of trade, development and democracy. As late as last October the think tank, Inter-American dialogue was reporting that substantial consultations were yet to take place with Latin American and Caribbean governments on the priority issue of building a regional free trade system.

Even later at the November 17-18 special meeting of CARICOM [Caribbean Community] heads in Kingston, the Caribbean leaders voiced impatience that the draft conference documents had not yet been made available.

All's well that ends well, Mr Maraj, speaking for the Port of Spain government, reflects satisfaction that this country's interests had been appreciably advanced. He sees Trinidad and Tobago as next in line for accession to NAFTA, following the recent success of Chile in that regard.

He even finds encouragement in signs that Mexico and Canada are favourably inclined toward our gaining admission into the NAFTA club. The minister's optimism is little diminished by the fact the US, big brother in the NAFTA family is still to show a more than luke-warm attitude to having this country on board.

Washington's indifference to a cause dear to the heart of official Port of Spain has clearly not deflated the spirit of NAFTA boosterism which animates Mr Maraj and his boss, the Prime Minister. The new PNM [People's National Movement] regime, like the NAR [National Alliance for Reconstruction] which immediately preceded it is characteristically keen about keeping its international image polished to a high finish.

Mr Maraj boasts that Trinidad and Tobago enjoys a "high and favourable reputation" abroad. This reputation we are to assume has been earned in the process of carrying out adjustment policies to the satisfaction of the international lending agencies and the sectors in which those agencies are influential. "We are reaping the fruit of our adjustment policies and are on our way to sustainable growth," the minister said yesterday.

Today the Manning government has set itself the task of campaigning for entry into NAFTA. Acceptance by the big hemispheric countries would mark recognition for efforts here at modernising the economy and trade relations. The promise of NAFTA is thus another motivating factor in the government's determination to stay the distance - to do indeed what the NAR ultimately lacked the nerve and the staying power to do as well as [Finance Minister Wendell] Mottley has rightly pointed out. NAFTA is nice work if we can get it and we support the government in its endeavours to have this country placed in an envied position of advantage. We thus share Mr Maraj's hopes for success, but we really cannot begin to celebrate with him until there is something more tangible than the appearance of progress toward the NAFTA goal."

U.S. Judge's 187 Ruling Deemed Endorsement of Mexican Stand

PA1712043194 Mexico City EL FINANCIERO in Spanish 16 Dec 94 p 53

[FBIS Translated Text] "U.S. Federal Judge Mariana Pfaezler decided yesterday in Los Angeles to extend the suspension of the implementation of Proposition 187. Proposition 187 would deny undocumented immigrants access to education and health services.

"In this regard, the Foreign Relations Secretariat (SRE) states the following:

"1. The decision of Federal Judge Mariana Pfaezler endorses the Mexican Government's position on Proposition 187, which is based on the defense of human rights of its citizens in the United States, regardless of their migration status.

"2. The rejection of the federal judicial branch through Judge Pfaezler's decision comes in addition to the U.S. Administration's repeated rejection of Proposition 187.

"3. Aware that this extension does not mean that the effect of Proposition 187 on immigrants of Mexican origin, undocumented or with legal residency, has disappeared, the Mexican Government reiterates its commitment to the defense of human rights of its citizens throughout U.S. territory.

"4. Likewise, the Mexican Government, through the SRE and its consular representations in the United States, will remain alert to the course of the anti-immigrant atmosphere in California and will closely follow the treatment of lawsuits on the constitutionality of Proposition 187 in U.S. courts.

"5. Lastly, the Mexican Government will continue the dialogue and communication process it has held with the United States over the past few years to find formulas that will allow progress in the dignified and respectful treatment of Mexican immigrants."

Zedillo Responds to PRD Reservations, Avendano Rejection

PA1712035394 Mexico City Radio ACIR Network in Spanish 0000 GMT 17 Dec 94

[From the "Evening News Panorama" newscast; passages within quotation marks recorded]

[FBIS Translated Text] [Announcer] Approximately 48 hours ago, President Ernesto Zedillo made a public proposal inviting the legislative branch, the Chamber of Deputies and the Senate, to appoint representatives from each of the political parties represented to form a peace and mediation commission in Chiapas. Yesterday we presented you with a detailed report on all the various reactions to the president's proposal, two of which stood out. The first was the conditions set forth by the Party of the Democratic Revolution, PRD, in both houses for abiding by the president's proposal. The second came from Chiapas, where Amado Avendano Figueroa, the PRD's gubernatorial candidate in Chiapas, rejected Zedillo's proposal. Avedano said that with the proposal the president was shying away from a responsibility that belongs to the executive branch, not the legislative branch.

President Zedillo responded to these two positions today, indicating that now is not the time to spare efforts to achieve peace in Chiapas. Zedillo was categorical on this matter, appealing to PRD members not to confuse interests or goals in the integration of a new mediation commission for the Chiapas conflict. We now have Rosie Ahuaxi with a report.

[Ahuaxi] Good afternoon radio listeners. The president is not shying away from responsibility in the Chiapas conflict. Ernesto Zedillo explained that the commission for dialogue and mediation for peace in Chiapas does not detract from any of his responsibilities. He therefore called on those who have their doubts about the virtue of this mediation mechanism to be convinced of its characteristics. When meeting with government workers here at Los Pinos, Ernesto Zedillo said now is not the time to haggle over the support for peace, it is not the time to confuse interests or goals.

[Zedillo, in progress] "...the commission cannot be awarded executive or resolving duties. It is the conflicting parties' responsibility to make decisions that will lead to a negotiated agreement. Based on this, today I emphatically reiterate that there should be no mistake: The institutional mediation task that the commission will carry out in no way takes away any of my responsibility to attend to the serious causes of discontent that have fostered violence. As president, I will not shy away from any responsibility."

[Ahuaxi] Ernesto Zedillo was very clear in his explanation. In other words, one cannot cross the bridge before the bridge is built. In his opinion, once the commission is created, the next step is to establish the channels of communication and the choice of mediation. The president insisted that this is an attempt to secure a neutral body, which is why the proposal is to form a commission with members of a branch that is independent from the executive. He added that the commission does not represent the Congress even though they are legislators, as they also have the obligation of their political parties to participate in this mediation.

[Zedillo] "Some have said that the commission cannot be formed unless all parties to the conflict express their agreement with the same. I do not agree. In every conflict, the initiation of a mediation body is prior to approval by the parties in the conflict. That is why practically all the political parties have agreed that the initial step is to set up the commission."

[Ahuaxi] By the way, this matter is not too clear, as Ernesto Zedillo said that this mediation mechanism would be void if it were appointed by the president since the Federal Government is a party to the conflict. Zedillo said: I cannot, I should not fix the commission's internal rules.

Another explanation give by the president is that the commission will not assume the task or the responsibility of each party in the conflict. It will simply by a instrument to transmit requests to arbitrate proposals and counterproposals. In addition, there is a possibility of allowing the commission to hear other participants, such as political and religious leaders and social organizations.

This statement was made during the ceremony commemorating the 56th anniversary of the promulgation of the legal status of the Federation of State Workers' Labor Unions. He did not forget the nation's bureaucracy. The president of Mexico reiterated that his commitment is to strengthen the state of law. He told the government workers, lead by Carlos Jimenez Garcia, that the reforms of the basic law on federal public administration will not harm their rights as workers.

There is no doubt that the core of this statement is the Chiapas case. I repeat, it invites those who have reservations about the virtues of this mechanism—that is, the commission for peace and mediation—to be convinced of its [word indistinct] and to participate in the commission. That is what President Zedillo said today.

[Announcer] Rosie, there is no doubt that the president's statement is very important. As you have pointed out, he extends this invitation to all parties, all sectors, to join this effort to reach a speedy solution to the Chiapas conflict.

[Ahuaxi] That is right. Even though he did not refer to the PRD [Party of the Democratic Revolution], this message is directly addressed to them.

[Announcer] We thank you very much for your report.

[Ahuaxi] Thank you very much. Goodnight.

Zedillo's First Letter to EZLN's Marcos Released

PA1612185494 Mexico City XEW Television Network in Spanish 0430 GMT 16 Dec 94

[From the "24 Hours" newscast]

[FBIS Translated Text] In his message broadcast yesterday by the "24 Hours" newscast, the president of the republic mentioned six messages or letters he sent to the EZLN [Zapatist National Liberation Army]. Here is the first letter from Ernesto Zedillo, as the winning presidential candidate, which was sent to Subcommander Marcos.

The letterhead reads Ernesto Zedillo Ponce De Leon. There is a handwritten note in the left-hand corner, apparently acknowledging receipt, and what could be Subcommander Marcos' signature. On the right side is the date, which is very important: 15 September 1994. The letter reads:

1. The only real and just solution will be one resulting from dialogue and negotiation. It is unnecessary and would be extremely painful to go through violence again and only then find the path of negotiations. We must directly seek negotiations. Let us not postpone for several years and after much suffering what we can begin today. My personal conviction and the mandate I received on 21 August are to work for peace.

2. Solutions must be found by getting to the root of our social and justice problems. In principle, everything is subject to analysis, discussion, and negotiations. There is no room for prejudice.

3. You must play an active role in finding solutions. Mutual responsibility will be important not only in finding solutions, but also in implementing them. The efforts that until now have won support and justified the struggle will become efforts to find solutions.

4. Confidence and mutual respect must be built without demanding the sacrifice of different views. Therefore seriousness and reason must prevail in the negotiations, even at the expense of expeditiousness. The prize derived from patience will be finding better-quality solutions.

This was page one, which in the bottom left-hand corner again seems to have President Zedillo's initials. Page two also has a letterhead with the president's name, and on the left side shows another acknowledgement of receipt, apparently signed by Subcommander Marcos. The letter continues as follows:

5. It is clear that, particularly at the beginning, the highest priority must be given to the safety of your representatives. Therefore, for initial contacts my representative, with guarantees offered to him, will go to places chosen by you.

6. During these meetings, a procedure for work and communication can be established. In each case and at all times we will maintain absolute confidentiality.

In this last paragraph, three names have been deleted in order not to compromise third parties, according to the Presidency.

7. My personal envoy is... whom I consider a reliable channel.

Two names seem to have been removed here, and it is signed: Ernesto Zedillo

Marcos Replies

PA1612185594 Mexico City XEW Television Network in Spanish 0430 GMT 16 Dec 94

["Letter of reply" from EZLN's Subcommander Marcos to then-Mexican President-elect Ernesto Zedillo Ponce

De Leon; issued from "the mountains of southeastern Mexico," Chiapas State, on 16 September; from the "24 Hours" newscast—read by announcer]

[FBIS Translated Text] To Ernesto Zedillo Ponce De Leon, Mexico City, Federal District.

From Insurgent Subcommander Marcos, Clandestine Indian Revolutionary Committee-General Command [CCRI-CG] of the EZLN [Zapatist National Liberation Army], General Headquarters, from the mountains of southeastern Mexico, Chiapas, Mexico.

Today I received in a sealed envelope and with the proper discretion your letter dated 15 September 1994.

The topics mentioned in your letter are sensitive, and therefore I must consult the members of the CCRI-CG of the EZLN. As soon as I have an answer from my superiors, we will contact you through the agreed upon channels.

We must recognize your willingness in taking the initiative to send us this note. Government signals and the national situation, however, continue to exhibit contradictory signs.

The bearer of this note has some comments he will convey to you. That is all.

From the mountains of southeastern Mexico

[Signed] Insurgent Subcommander Marcos

[Dated] Mexico, 16 September 1994

Parties Name Lawmakers to Chiapas Mediation Commission

PA1612205794 Mexico City XEW Television Network in Spanish 0430 GMT 16 Dec 94

[From the "24 Hours" newscast—passages within quotation marks recorded]

[FBIS Translated Text] The legislative wing of the Labor Party at the Chamber of Deputies has appointed Deputy Marcos Cruz Martinez as its representative to the Legislative Commission for Peace and Reconciliation in Chiapas [Comision Legislativa para la Paz y Reconciliacion en Chiapas].

Deputy Marcos Cruz said talks with the insurgents in Chiapas must begin immediately.

[Cruz] "Our party deems it convenient to convene a conference of peace and justice, in which the main players of the conflict sit down at a bargaining table and can reach positive accords."

The National Action Party [PAN] has appointed Senator Luis H. Alvarez and Deputy Rodolfo Elizondo Torres to represent the PAN at the Legislative Commission proposed by President Ernesto Zedillo to mediate in Chiapas. Deputy Ricardo Garcia Cervantes, coordinator of the PAN legislative wing at the Chamber of Deputies, asserted that the Commission pursues an interest that stands above those of individual parties.

[Garcia Cervantes] "Not only did we accept this proposal, but we are very enthusiastic about the opening of a new opportunity and possibility."

He mentioned the characteristics the Commission should have.

[Garcia Cervantes] "It must have clearly-established functions, powers. The president must task it with a very defined responsibility."

The PAN alternate representatives to the Commission will be Senator Luis Felipe Bravo Mena and Deputy Alejandro Gonzalez Alcocer.

At the Chamber of Deputies, PRD [Party of the Democratic Revolution] legislators have insisted on making their participation in the Commission conditional. The PRD will not appoint for now legislators to form the Chiapas Mediation Commission proposed by President Ernesto Zedillo.

Deputy Jesus Ortega, PRD legislative wing coordinator at the Chamber of Deputies, has stated this does not represent a rejection of the presidential proposal, but said:

[Ortega] "It is a serious responsibility on the part of the legislative branch to assume a mediation of so many implications and so much importance for the life of the country, as the proposal establishes. Therefore, the PRD believes this Commission should be empowered with authority, powers, and the capacity to offer satisfactory responses and solutions to the Chiapas conflict."

Ortega remarked his party does not want to block the peace attempt in Chiapas, but it prefers to amnalyze the proposal to determine the viability of the Commission and the possible consequences.

[Ortega] "We want the executive to play an important role in this affair, and as Juan [not further identified] said,—this is not what I believe though—we will not allow anyone to use the legislative to wash his hands."

He announced that the PRD president is holding talks with a representative of President Zedillo to verify that the Legislative Commission has the approval of the Zapatist Army, which, he said, is necessary for the Legislative Commission to operate.

PRD Members Remark on Chiapas Peace Commission

PA1712044694 Mexico City Radio ACIR Network in Spanish 0000 GMT 17 Dec 94

[Report by Juan Carlos Santoyo; from the "Evening News Panorama" newscast—passages within quotation marks recorded]

[FBIS Translated Text] During today's session at the Chamber of Deputies, internal division in the PRD [Party of the Democratic Revolution] parliamentary faction prevented a consensus to form a commission for dialogue and mediation for peace in Chiapas, as President Zedillo had invited the parties to do. While the PAN [National Action Party], the PRI [Institutional Revolutionary Party], and the PT [Labor Party] factions say that the formation of a commission for dialogue and negotiation in Chiapas is a positive idea and that they have already selected their candidates for the commission, the PRD says the scope and objectives of such a commission should be determined first.

On the need for legislators to participate in this commission in Chiapas and to deal with the current situation there, Deputy Augusto Gomez Villanueva, president of the follow-up commission for the Chiapas issue—may I explain that this is a different commission, the first one created for this purpose—read a report at the Chamber of Deputies:

[Gomez Villanueva] "A consensus was reached to note that the great backwardness in the state has led to a climate of tension and the imminent danger of the armed confrontation resuming. This situation makes it mandatory for all sides to intensify the efforts to reestablish communication so the dialogue can be resumed between the various federal government agencies and those of the state of Chiapas."

Two positions have emerged in the PRD, the final outcome of which is difficult to predict. The PRD people, headed by Rosario Ibarra, a member of the National Democratic Convention, have said President Zedillo is the one who should negotiate the Chiapas problem directly by taking specific proposals with him. She has said she went to the Lacandona jungle with the commission that went to Chiapas a few days ago to meet with EZLN [Zapatist Army of National Liberation] Subcommander Marcos. Marcos has said there will be no talks with a commission that does not present specific proposals for peace according to Ibarra:

[Ibarra] "I can report that I went to the Lacandona jungle to talk with the EZLN so as to explain how this commission operates and what it does. The people of the EZLN Indian Clandestine Revolutionary Committee told me they would not receive the commission or anyone not prepared to make specific proposals to solve the general problem. They added they have reiterated this position again and again."

This position opposes another one represented by Jesus Ortega Martinez, who has said the commission should be formed but must receive from the executive the necessary instruments to negotiate with the EZLN. This is Ortega speaking at the Chamber of Deputies:

[Ortega] "Therefore, it is the PRD's opinion and that of its parliamentary factions in the Senate and the Chamber of Deputies in particular that we should form this commission but also ask the executive about the scope of his proposal for the solution to the Chiapas problem. I do not mean he should give us the final proposal. I do not mean the executive should fully agree with the other side's proposal; this is not what I mean. I mean to demand from the executive to give the Congress commission a minimum of instruments if its effort is to be successful and fruitful for the entire country and all Mexicans."

Although this position taken by Jesus Ortega, PRD parliamentarian bloc coordinator, opposes that of those who want the negotiations to be held directly between Subcommander Marcos and President Zedillo, the PT has stated the main thing to do is to truly know his position within the next few days. The PT has stated, however, another main thing to do is for this commission to begin working and, above all, searching for this dialogue we need to hold to achieve peace in Chiapas:

[Unidentified speaker] "Congress must represent and guarantee this commission. We are proposing that the executive branch also appoint a representative who will assume the responsibility of honoring the commitments made by the government. Two, the EZLN must accept a mediation, because it is an essential part of the conflict. Three, the duties and responsibilities of this representative must be clearly specified so that the EZLN will allow the mediation to be effective and lay the foundations to solve the problem."

This is what the PT has proposed, and this is the current situation. Political parties are expected to reach a consensus in the next few hours. More clarity on what is being demanded is also expected, as well as the creation of the commission. It is worth mentioning that if the Chamber of Deputies made the decision to create this commission, there is a possibility of it holding new sessions on 18 and 19 December to legally embark on the creation of this commission, to reach a consensus, and to hold direct talks with the EZLN.

[Unidentified announcer] Juan Carlos, I believe the fact that deputies are failing to reach an agreement is very obvious, and time is going by. President Zedillo made public the creation of this commission two days ago; in other words, he proposed this commission. Deputies have been unable, however, to reach a consensus since yesterday and all day today. For instance, we can observe that the PRD does not agree with the commission, because it has two positions, which are delaying the solution.

[Santoyo] Indeed the PRD has two positions, but we could report that the main thing is that the consensus to create this commission and hold talks apparently exists. The problem lies in that they want the rules and the package with which they are going to negotiate defined. Each political party and high-ranking government sphere will have to clearly define these rules. These rules will be defined, and the creation of this commission will probably be quick.

I could tell you, for example, that all legislators are interested in these rules. They have maintained that those who will make up this commission will surely win an unexpected prize, because Chiapas is a very complicated problem that needs a solution. I believe all political parties are willing to reach this consensus and create the commission. The mechanisms, the formulas, the foundations, and whatever they have in their portfolios must be defined by other institutions, but they must accomplish their task now.

Three parliamentarian blocs have already appointed their representatives: the PRI, the PAN, and the PRD, I mean the PT. The PRD is the only bloc that must appoint only one person, I mean two people, whom it calls the head and his alternate. If it appoints them, it will appoint them within the next hours.

[Announcer] I believe what the PRD parliamentarian bloc coordinator, Jesus Ortega, has said explains very well what you are explaining to us. Ortega has said: We demand from the executive branch a clear explanation of the tools with which we may be able to work and of the foundations of the proposal on which this commission will work and negotiate with all the protagonists of this conflict in Chiapas.

The other position, which we could call the most radical position, is the one explained by Rosario Ibarra de Piedra, who has said: I already spoke with the EZLN, and it maintained it will not welcome any commission made up by deputies, regardless of what type of commission is sent there.

Another issue I want you to explain to us, Juan Carlos, is the existence of this commission represented by PRI Deputy Augusto Gomez Villanueva, which is a commission that has nothing to do with the proposal made by the president. Gomez's commission is the heir to the pluralistic commission that emerged in the 55th Legislature, and it inherited the fact of having representatives from all parties as the legislative branch was renovating itself. There are four parties in the chamber to survey and keep the legislative branch informed of the Chiapas events.

[Santoyo] That is correct. This commission headed by Gomez is the commission which, as you already said, inherited what happened during the 55th Legislature. People are debating whether the commission created to follow up on the Chiapas issue would disappear if the pluralistic negotiating commission is created. The only concern is that certain legislators believe the former commission must not disappear and that it must continue to follow up on the situation Chiapas is living. There is something else. A large number of legislators believe the former commission must disappear because there is another commission.

New Chiapas Official Answers Charges of Violating PRD Rules

PA1812015094 Mexico City XEW Television Network in Spanish 0430 GMT 17 Dec 94

[From the "24 Hours" newscast]

[FBIS Translated Text] On Friday, Heraclio Zepeda appeared before the Party of the Democratic Revolution's [PRD] National Guarantees and Vigilance Commission, which had summoned him to answer charges for reportedly violating party statutes by accepting the position of secretary general for Chiapas. Speaking in his own defense, Zepeda said he accepted the position to add his voice to the search for peace.

[Begin Zepeda recording] My accepting this position does not violate a single party principle, precept, or statute. Consequently, what we have here is a disagreement on tactics, for which I am solely responsible. If I go wrong, it is I who will be held responsible. [end recording]

Later, at a news conference, Zepeda said that Chiapas Governor Eduardo Robledo should take into consideration all of the state's political and social forces.

[Begin Zepeda recording] I am fully convinced of this government's ability to govern. This ability has nothing to do with the old style of governing with the stick, which has ended forever. It is necessary to seek a new ability to govern, which must take into consideration the interests of all sectors of the state. [end recording]

Zepeda handed in a letter announcing his decision to temporarily and voluntarily resign from the PRD and hold the position of secretary in Governor Robledo's government in Chiapas.

Chiapas Shadow Governor on Two State Governments

PA1912023894 Mexico City LA JORNADA in Spanish 15 Dec 94 p 8

[Interview with Amado Avendano, shadow governor of Chiapas State, by Cristina Pacheco; place and date not given—first paragraph is LA JORNADA introduction]

[FBIS Translated Text] Amado Avendano told me on 23 May, shortly after civilian groups backed by the Party of the Democratic Revolution [PRD] launched his candidacy for governor of Chiapas State: "I want to be governor of Chiapas so as to open the doors of democracy in my state." Avendano explained to me on 12 December, right after the transfer of power in Chiapas, the objective of assuming the rebel transition government: "to produce a shift from illegality to legitimacy; to promote just laws in the state so all citizens participating in elections may do so on an equal basis; to eliminate mechanisms by which one party can use public funds and public officials to its advantage."

[Pacheco] The official governor of Chiapas is in Tuxtla Gutierrez, and you are in San Cristobal de las Casas. Can't this duality further complicate the already critical situation in the state?

[Avendano] The decision to establish this transition government was not a personal idea of mine; it was the people's idea. The people reach agreements at assemblies where they, peasants and Indians, discuss proposals. Those that are approved are accepted as laws. We reached the conclusion it was urgently necessary to change the past of shame to which we were subjected by the central government, which designated our governors from the Federal District and then ordered us to vote for them.

The moment arrived when the people of Chiapas decided we must be respected as grownups and exercise our right to select from among our people those we want to govern this state. The peasants and a portion of the civilian population, meaning people who do not belong to any party, to nongovernment organizations, joined our project, which is aimed at finding a solution to a situation that has existed for a long time and which has triggered the insurrection among other things.

Stirred by the emergence of rebels, people hurried to the polls expecting we were going to reap at least reliable election results if not entirely positive ones this time. The people went to the polls and were frustrated by mechanisms of fraud implemented to benefit the governing party's candidate. Even Congress, which had been turned into an electoral board, acted this way when it rushed to reiterate the election result favored Robledo.

This result irritated the people, who demonstrated their state of mind by initiating a civil resistance (the people refused to pay loans, public services, etc.). Then came demonstrations and marches. It was useless: The government continued to justify itself and ignore the people's expressions. Then, we, fed up, said: "Let us build our own democracy." These are the conditions under which the people became organized for civil insurgency, meaning we all exposed ourselves to perils by designating a rebel transition government opposed to the official governor. The Indians of Chiapas are now beginning to form autonomous regions with the intention of keeping the official government from going there, because they want the transition process.

About your question, we know perfectly well the existence of two governments aggravates the situation, but we will not desist, because we believe we are right in proposing changes toward a democracy that should allow us to establish the basis for building a more sincere and more realistic way of life. We are struggling so that our positions are heard. I also hear a voice telling me the existence of two governments can be harmful, because it produces ungovernability, a lack of authority.

[Pacheco] More so than the political effects, two governments tend to generate conflicts regarding more immediate and practical issues. It may well be that Chiapas residents may begin asking themselves: To whom do I turn? Whom do I follow? To whom do I pay taxes?

[Avendano] We are being supported by four of the most important regions: Tojolabal, Chol, Tzotzil, and Tzeltal. There are 11 municipalities in these regions that have been independently working on, even formulating, their own statutes, just as the Basque country, Galicia, and Asturias in Spain have been doing. We are also receiving support from the municipalities close to the border and Pacific coastal region. The government is only being supported, however, by those municipalities close to Tuxtla, which we have called the capital city's first cadre. Let them pay taxes to Robledo's government, and let the Indians who support us pay taxes to us.

We, who are only able to rely solely on the support of the people, are starting from scratch. We have nothing, not even desks on which to work. I was quite concerned at first. Fortunately, a National Democratic Convention delegation arrived a few days ago and asked about the resources at our disposal with which to work. I told them I had nothing. They recommended in turn that we organize a collection committee in order to consolidate this transition government, which is the first of its type in the country and from which many more will sprout. Aside from this point, each peasant community, despite its poverty, will donate an allowance that will serve to subsidize us.

[Pacheco] Are you seeking to be governor for the Indians only or for all Chiapas residents in general?

[Avendano] I am not seeking to split Chiapas or for this region to separate from the country. Chiapas is a well-integrated, organized state; therefore, should a municipality separate, it would represent a disruption for the state. We are not seeking that situation. We are from Chiapas in our hearts and are Mexicans in our souls. The only thing we are doing is creating a sort of resistance so as to force the federal government into removing a governor from Chiapas whom we consider to be illegal. This governor is one who is being supported only by the PRI [Institutional Revolutionary Party]. This party manufacturers votes and has no need for voters.

[Pacheco] Robledo was supported by the PRI, but when he was sworn into office, his first call for cooperation was to writer Eraclio Zepeda, a very distinguished intellectual and prominent PRD member.

[Avendano] I believe Eraclio committed high treason by accepting Robledo's request. He was a member of the National Intermediation Council. As such, we explained all our plans and strategies to him, and what did he do? He went ahead and told everything to Robledo. Why? Probably because they were both members of the past legislature at one time.

It also annoys me when I remember that Eraclio went looking for me and privately offered me the presidency of the State Supreme Court of Justice, or the State

Secretariat generalship in exchange for relinquishing my plans. I turned down Eraclio's offer and told him the people who supported me would never tolerate my working for someone who had supported two previous, infamous governors such as Patrocio and Absalon. I spoke about all of these points to Eraclio, because we trusted him and believed he was acting in good faith to save Chiapas from war.

I would like to add something else. I support the EZLN [Zapatist Army of National Liberation], because the conditions that gave rise to the conflict are still in place. Nothing has changed; everything has just gotten worse, and it is all due to the postelectoral situation as I said before. I am afraid the Indians are right in complaining and breaking the truce established on 12 January. Nothing has changed from that date to now.

[Pacheco] Let's believe a dialogue did take place and was, unfortunately, suspended, although we do not know yet by whom, and we are notified there will no longer be a commissioner. What can you say about that?

[Avendano] I would hope the government would really try to create or establish some type of direct contact with the rebel forces.

[Pacheco] Are you suggesting the president and Subcommander Marcos hold direct talks?

[Avendano] If they cannot speak to one another directly, then at least one person should be appointed who has the decisionmaking capacity or whose agreements with the insurgents will be respected and yield positive results. Previous commissioners carried a message but did not have the capacity to solve the problem.

[Pacheco] Do you believe the governor's secretary should be the one to hold this dialogue? I ask you this question, because you know Esteban Moctezuma, and you have even reached an agreement with him.

[Avendano] We have said that there would be no attacks, that we would not interfere in the course of events, but the root of the problem was not solved. The governor's secretary could be the one to hold a dialogue with the rebel forces, but it could also be an individual who will contribute in solving the problem. We have had only indirect individuals up to now. Camacho was sent by the government, but he cast away all his investitures and negotiated as just another citizen.

[Pacheco] Do you believe Monsignor Samuel Ruiz should continue to participate in the negotiations?

[Avendano] Of course. His participation will always be a determining factor, and he should continue. The bad thing is the government has not listened to him either on making decisions that resolve, even partially, the insurgents' requests.

[Pacheco] Could you do such a thing?

[Avendano] It would be presumptuous for me to say I can be a determining factor. We have been living in a dangerous and difficult situation since January, a situation which has worsened with the postelectoral problem. What will happen tomorrow? I do not know. I told you the first time you interviewed me that Chiapas had become a "sea of stories" since January, but it seemed like nothing ever happened here for five centuries before. January came, the outbreak took place, and we have been the focal point of news and events from that moment on. I am quite disturbed today over Subcommander Marcos' communique, so I told Epigmenio Ibarra in the last meeting they held: We are in danger, on the edge of an abyss, but we have to forge ahead. Nothing more. Please do not leave us alone.

[Pacheco] A solution to the Chiapas problem depends on many factors and people.

[Avendano] One of them is Robledo. I am not interested in holding any dialogue with him. Remember there was an attack in which three beloved people lost their lives. This incident was never clarified. I believe now they simply wanted to make us vanish. What I ask now of Robledo is that he resign, because he is the cause of increased tension in Chiapas.

[Pacheco] The executive branch backed Robledo.

[Avendano] We were always against that position. In fact, we asked him during talks with Moctezuma to suggest to the president not to come to Robledo's swearing in, but he did. We are now asking the federal government to respect the Chiapas transition government: We are a sort of tolerated taxis that operate without license plates. Despite this point, we recognize, of course, the president's authority at all levels but not that he swore in a usurper.

[Pacheco] How could current tensions be lowered in Chiapas?

[Avendano] By firing Robledo, as I already told you, but the main point is that the Army should withdraw to its garrisons. One travels through San Felipe, Rancho Viejo, and sees armored personnel carriers and soldiers with their machine guns pointed at us.

[Pacheco] Let's suppose for one minute Robledo is willing to resign. What would happen then? Would you take the post as governor?

[Avendano] Congress would make the pertinent changes through decrees, or the Senate could declare power in Chiapas vacant and appoint a new government with new officials to represent those branches.

[Pacheco] You ask that the executive branch respect the transition government, and you ask Robledo to resign. What would you ask the EZLN under current circumstances?

[Avendano] I would ask them to please hold back a few more days in order to give the federal government time to appoint a person who will resolve this problem directly. Yes, I would ask that since they have already waited a year to please wait a little longer.

Security Sources on Possible War in Chiapas

PA1612200594 Mexico City EL FINANCIERO in Spanish 14 Dec 94 pp 36, 37

[Report by Miguel Angel Ortega]

[FBIS Translated Excerpt] The war that could be unleashed soon between the Zapatists and the Mexican Army will take the form of a mobilization in certain cities in Chiapas and other states, mainly in the various capitals of the nation.

The new government is facing the Chiapas problem through a national security plan that is based on French and Israeli security models. This will allow the government to remain ahead of Zapatist Army of National Liberation [EZLN] decisions and even predict rebel actions by a span of several weeks.

On one side, there is a desperate Marcos who is continuing with the same spiel as before 21 August: the insurgency of civilian society that never takes place. Broad segments of society, which have not joined the civilian mobilization and seem likely never to do so, are waiting and perhaps will stage large antiwar demonstrations, such as the one on 10 January in the Federal District.

They also know that military conditions and especially political conditions of 10 January bear no resemblance to conditions in December.

As their top leader, Marcos must regret the decision of having ordered the first shot. On 18 November, the Zapatists handed him the command. In other words, the Zapatist movement came under the control of a military man. The political leadership—the Clandestine Indian Revolutionary Committee—has literally moved aside, because Marcos has ordered them into the deep jungle.

In his most recent communique he follows the same strategic line. His communiques always appear to be the last one, resembling a farewell more than a political appeal. This last communique is indicative of Marcos and is consistent with his speeches: He wants to sacrifice himself.

According to sources, an armed uprising is feasible in Chiapas, but primarily in areas outside the four municipalities involved in the conflict.

"Besides, the possibility that urban commando units could carry out isolated violent acts—terrorism—in major cities is high," they said.

In view of this, the priority is to protect the civilian population inside and outside the area of conflict, they said.

"The war between the Zapatists and the Mexican Army will not start immediately. The confrontation will take the form of a mobilization in certain cities of Chiapas and other states."

If the EZLN fires the first shot, however, the Mexican Army will wage an overwhelming, short-term, and high-intensity war.

National security organizations do not rule out a possible uprising in Chiapas and isolated actions (bombings) in other cities of the country.

Everything seems to indicate that the EZLN strategists have entered a phase that has perhaps weakened them in terms of public opinion for the first time since the conflict began, national security sources told EL FINANCIERO.

The sources, who requested anonymity, said that, in order to implement this plan, "the balance of forces is being taken into account between the EZLN and the Mexican Army—the two opposing belligerent forces."

The positions and demands of the various social forces are being reviewed. These comprise civilian organizations (peasants, workers organizations, nongovernment organizations, political parties, the Church, and so on).

The French national security methodology, as most others, recommends taking the initiative to defuse the conflict, while keeping in mind the causes of the conflict in an attempt to predict the outcome. One of the characteristics of this scheme now being used is the demobilization of the belligerent forces, the sources added.

"For example, in a general strike in which higher salaries are demanded, the minister announces he is studying the possibility of asking for a tax exemption and a pension increase for retirees. The idea is to weaken the mobilization and take the initiative in the mid-term."

The sources said, in the case of Chiapas, the elements are very clear. On one hand you have the EZLN hardliners, who are saying Amado Avendano or nothing, and a group of armed men in control of a territory threatening to resume the war. On the other hand you have the opposition's inability to prove that an alleged fraud took place.

"You also have the peasant organizations that support them or are even linked to the rebel organizations demanding land, justice, and better living conditions," the analysts added.

Threefold Demobilizations

How to demobilize these forces? First by acting on all three levels of government. Economic resources are first injected into the municipalities involved in the conflict to satisfy the most urgent needs along with an offer to hand out available incentives and to guarantee land availability.

Government positions are presented at the state and federal level to members of the EZLN and the PRD [Party of the Democratic Revolution] in Tuxtla Gutierrez and Mexico City. What is the idea behind this? Very simple. The opposition's voice loses strength in the nation's capital and the disloyal opposition is, therefore, divided.

In addition, the participation of the PAN [National Action Party] is sought. The PAN is a force that opposes the PRD as well as the government and is, therefore, impartial, which means the Attorney General's Office will have a greater role in the conflict.

The ground is sown, and the yeas and nays are decided weeks before posturing begins in order to take the initiative in the conflict.

When the government decides which position it will take, things are fulfilled: respect for the Constitution (enforcing of the law), maintenance of the unilateral truce (the Army does not fire first), and a negotiated resolution.

This is why the EZLN only has one solution: to threaten to resume the war by breaking the truce.

In view of these elements, Marcos' response was predictable, according to the source.

"Subcommander Marcos played along and lost the initiative," the sources said.

We asked this source: Does Zedillo's speech to businessmen on Tuesday night correlate with this scheme?

Yes. With the privilege and benefit of getting confidential information, a few hours after Marcos made the announcement in Aguascalientes, President Zedillo was able to respond to public opinion quickly and was again in charge of the conflict.

Speaking to industrialists that evening, Zedillo rejected the ultimatums and reiterated his position of respect for the law and for the holding of negotiations.

War in the Media

"The methodology worked so well, Marcos had to retreat and explain he was not issuing a declaration of war; it was only 'a warning that the time was over,'" the sources asserted.

According to analysts, "Subcommander Marcos and the little group of strategists in Mexico City and the Corralchen mountain range remain bogged down on the path leading to peace."

As the EZLN, which fails to respect the current Constitution because it avails itself to that of 1917, threatens to wage war, a lack of security is thereby presented to a large sector of society. Marcos no longer is the masked revolutionary, they added, who fights for the Indians. The urban poet the Tzotziles reeducated in the jungle was left behind. The romanticism of a freed territory has now become a lack of security. He is now a clandestine assailant who threatens to take up arms and create uncertainty.

What is next under this model? What were the elements that made people vote for President Zedillo on 21 August 1994? No one could deny that millions of Mexicans decided to vote for the PRI because it was the guarantee of security in the face of the threat of war. In other words, it was a vote of fear. Something similar will happen now.

"The media will play a significant role; it could stress the EZLN's refusal to negotiate and its threats to wage war. In fact, the term war will take on a new meaning."

Will we witness a situation similar to that of the Goebbels' campaigns to penetrate and saturate the media? Perhaps. Many media do not inform; they merely focus on one single element day and night.

It is clear that the dissemination of the violent aspects of the country's daily life, even of life abroad—Bosnia—is beginning to make people formulate opinions. The news of the boy who narrates the fight between two men in the street also make people formulate an opinion.

What if this theoretical model fails to work according to plan? Then, the Israeli model, which was predicted in this analytical scheme, will go into effect. "For instance, in the hijacking of the El Al airplane in Entebbe, Uganda, the channels of negotiation to release the hostages were established while a direct action was being carried out. Because the analysis demonstrated that the negotiations would lead to nothing, action was taken," the sources said.

And we are forecasting a direct action in Chiapas, a blunt, quick, profound, and intensive action. The sources assessed that "the Zapatists will be thoroughly whipped."

Clashes Outside the Area of Conflict

According to the sources questioned, the conflict will take place outside the area controlled by the EZLN, because its rank and file and sympathizers are fully identified with it in its territories, in addition to being tactically surrounded by soldiers and weapons belonging to the other belligerent force—namely, the Mexican Army. This is why the rebels will not "fire the first shot; it would be suicidal. It would be the signal for the Army to go into action."

The place in which the Zapatists can move prior to the outbreak of hostilities is located outside the area of conflict; that is, it is located in the larger cities of Chiapas. Moreover, it would be advantageous for the EZLN in terms of propaganda, because it would seem that the armed conflict is being waged on a national level. Some of its urban cells, which it undoubtedly has, would encourage the mobilization of the masses in the cities and, perhaps, the deployment of columns in some of the country's mountain ranges.

The extremists [exaltados], who are self-proclaimed sympathizers, constitute another element that could carry out terrorist actions.

If people are asking what Ernesto Zedillo did in the weeks leading up to his swearing-in, this is the answer: He designed a national security system to be handled by relevant government offices. It was not like this during the Carlos Salinas government, when the system was in the hands of Cordoba Montoya. [passage omitted]

Army Increases Presence Around Chiapas Capital

PA1612202094 Mexico City REFORMA in Spanish 14 Dec 94 p 4A

[Report by Daniel Pensamiento]

[FBIS Translated Text] Tuxtla Gutierrez—In view of the possible resumption of clashes with the EZLN [Zapatist National Liberation Army] rebel group, the Mexican Army has increased its presence in this capital and at five hydroelectric plants that produce more than 50 percent of the country's total electric power.

Planes and helicopters are permanently overflying the city while armored vehicles sporadically patrol it throughout the day.

Soldiers are searching vehicles at four checkpoints leading to the outskirts of Tuxtla Gutierrez in view of a possible EZLN incursion.

A military source that requested anonymity said commando units of the Mexican Army are searching caves in Sumidero Canyon, which surrounds the city, in fear that the EZLN might change its attack strategy.

"Based on analysis, it is believed the EZLN will attack the capital Tuxtla Gutierrez, because the sierra is completely occupied," the source added.

He also pointed out that the Army has redoubled security at the hydroelectric plants of Chicoasen, Malpaso, La Angostura, Penitas, and Jose Cecilio del Valle located in Chicoasen, Tecpatan, Venustiano Carranza, Ostoacan, and Tapachula to shield them from possible insurgent attacks. These five plants yield 9,344,013 kilowatt hours, which is more than 40 percent of national production.

The Zapatists, the source added, could try to use plastic explosives to damage the hydroelectric plants and any of the 85 petroleum fields in Juarez, Ostoacan, Pichucalco, and Reforma.

"Given that they already openly voiced their desire to resume the war, the Army expects this to happen before 24 December," the source said.

Military strategists are preparing a ground and air counterattack in Zapatist bastions in the Lacandona Jungle, the military source added.

Meanwhile, a guerrilla military adviser revealed that the Zapatists have Israeli-made Astin [as published] weapons that are capable of downing airplanes with heat-seeking rockets.

He stated that the new EZLN war tactics could be to strike on the outskirts of the main cities of the state of Chiapas, where it has a few commando units, to break the cordon that the Mexican Army established around Lacandona Jungle.

"The EZLN command includes certain codes in communiques issued to the public to maintain its attacks on Mexican Army troops," he added.

The source pointed out that the Army would not be able to bomb certain communities in the jungle area where the Zapatists are because of the existence of six petroleum fields that hold proven reserves.

Commerce Secretary Vows To Defend National Industry

PA1812194394 Mexico City EL FINANCIERO in Spanish 15 Dec 94 p 22

[Report by Lourdes Gonzalez Perez]

[FBIS Translated Text] Commerce and Industrial Development Secretary Herminio Blanco Mendoza has promised the industrial sector that Secofi [Commerce and Industrial Development Secretariat] will strengthen its defense of the nation's industries against unfair trade practices.

He also promised to take action to find a speedy solution to pending problems with tuna and cement exports in the U.S. market. Blanco Mendoza added that Mexican trade authorities will take the necessary precautions to ensure that the sale of shrimp in foreign markets, especially in the United States, is not adversely affected, as is now being predicted.

In separate closed-door meetings with representatives of the fishing and cement chambers, along other chamber leaders, the business leaders reiterated their resolve to support Secofi in finding solutions to problems in those areas in which Mexican exports are being obstructed in spite of GATT.

On other issues, Blanco Mendoza told producers that Mexico will not grant "any free benefits" to Latin American countries that are members of ALADI [Latin American Integration Association] in accordance with Article 44 of the Montevideo Agreement. NAFTA benefits will not be indiscriminately applied to other nations if nothing in return is offered, the official said.

Following the meeting at the Secofi offices, Rodolfo Cruz Miramontes, first vice president of the National

Cement Chamber, said industry representatives were pleased with the appointment of Blanco Mendoza as Secofi secretary.

Cruz Miramontes, an expert in international trade, said members of the chamber took advantage of the event to ask the Secofi secretary for greater assistance for those productive sectors facing unjustified charges of dumping overseas. In addition, the foreign trade adviser said they formally asked Herminio Blanco to continue providing assistance to these industries, especially by defending them against false charges of unfair practices.

According to other participants, various "foreseen" problems also were discussed with the Secofi secretary, such as the possible obstruction of Mexican shrimp exports through the application of compensatory quotas.

The tuna embargo maintained by the U.S. Government against Mexican producers has not yet been lifted, despite GATT resolutions that oppose measure, and a similar threat still exists with regard to shrimp exports. This is why the productive sector and the authorities must take precautionary measures to face such actions.

The participants said, "All industrial chamber representatives talked to the secretary about their concerns regarding the marketing of their specific products. They not only talked about the problems they are experiencing, but also about foreseen problems with the implementation of the new agreements."

Moreover, they also talked about the topic of fishmeal and the conflicts being faced with Chilean exporters who are selling their products in the Mexican market at prices far below prices that are currently in effect domestically.

They reiterated their request for the application of protective mechanisms that favor national industry and offer greater support for domestic industrial production.

A topic that could not be avoided at the meeting was the future of ALADI, especially the request promoted by the Mercosur countries of Brazil, Argentina, Paraguay, and Uruguay that Mexico extend the same NAFTA benefits given to the United States and Canada to all members of ALADI.

Blanco Mendoza's position was the same as the one he has stated at all public forums: The Mexican Government will not grant free benefits to other Latin American countries if there is no reciprocity.

El Salvador

President Announces Changes to Economic Program, Cabinet

PA1812221894 San Salvador LA PRENSA GRAFICA in Spanish 17 Dec 94 p A-28

[FBIS Translated Text] President Armando Calderon Sol yesterday announced changes and modifications to the country's economic program and cabinet as of [passage garbled]. "As we have evolved politically in terms of democratization, we also have been trying to implement an economic transformation, because El Salvador needs to adjust to the changes occurring in the world," he said.

The country must join globalization; otherwise, it will not measure up to current demands, a point which could be harmful to our economy.

Calderon Sol did not specify the date or the type of changes to be implemented, but he did say such changes will result in more jobs for Salvadorans. The announcement will be made publicly at the beginning of January.

Calderon Sol expressed his satisfaction over the accomplishments made during the first six months of his administration, particularly regarding the political arena and compliance with the peace agreements.

He mentioned a speedy dismantlement of the National Police (PN), which was slated for March 1995 and rescheduled for December 1994, among the accomplishments.

He also said the Land Transfer Program (PTT) will be stepped up. For this purpose, the institutions involved will work during the vacation period, a demonstration of the government's political will.

He also highlighted the progress made regarding citizens' security, an area in which the PNC [National Civilian Police] has firmly battled delinquency, crime, kidnapping and drug trafficking.

Concerning the economy, there has been clear economic growth. The country has experienced a 5-percent growth and a reduction in its inflation and fiscal deficit levels.

The country was able to surpass the goals stipulated by the IMF and to obtain the acknowledgment of such foreign financial institutions as the World Bank.

Calderon Sol said social programs were implemented through the Education Ministry and the Social Investment Fund (FIS), which has facilitated access to poor communities.

The election of a new Supreme Court of Justice (CSJ), which is independent from political interests and the executive branch, and the unanimous approval of the country's general budget have strengthened the democratic process.

"Salvadorans have not yet envisioned the magnitude of what we are accomplishing together, but it is necessary to take bigger steps," Calderon Sol said yesterday.

Concerning the international arena, the most significant achievement made was an extension for Salvadorans to stay in the United States and the Clinton administration's commitment to promote the Interim Trade Program, which is vital for Central America and guarantees the region it will not be left at a disadvantage due to NAFTA.

FMLN Elects Leonel Gonzalez New General Coordinator

PA1912023694 Mexico City NOTIMEX in Spanish 0035 GMT 19 Dec 94

[FBIS Translated Text] San Salvador, 18 Dec (NOTIMEX)—The former Salvadoran guerrilla group Farabundo Marti National Liberation Front (FMLN) today elected Leonel Gonzalez as its new general coordinator during a national convention in which the group's statutes were also reformed.

The 50 members of the FMLN National Council were also elected during the two-day meeting, which ended today. The National Council members also reelected former guerrilla Commander Eugenio Chicas as deputy general coordinator.

Gonzalez, 50, replaces Shafik Handal who has occupied the position since December 1992, when the FMLN was registered with the Salvadoran Supreme Electoral Council (TSE) as a political party.

"This is a democratic process no other political party in the country would undertake," Gonzalez told NOTIMEX.

The former rebel commander pledged to transform the FMLN into a "unified party" in the long run, in light of future election processes.

The former commanders elected to the party's political commission and National Council must resign from their current positions held with their respective organizations according to the reformed, internal, FMLN statutes approved by the 478 convention members during the two-day event.

The measure, which is included in the FMLN's internal regulations, seeks to have all former commanders of the three organizations who are still members of the political party represent the front as a single political movement.

The new FMLN statutes stipulate the disappearance of the FPL [People's Liberation Forces], the Revolutionary Party of Central American Workers (PRTC), and the Communist Party of El Salvador (PCES) in order to integrate the various ideologies into one single organization. In this regard, Gonzalez announced his resignation as FPL secretary general.

As part of its political agenda for 1995, the FMLN seeks to consolidate the 1992 peace agreements, to challenge the government's privatization program, to encourage in-depth democratic reforms, especially regarding economic issues, and to expedite the distribution of land to its former fighters.

Social Christian Renovation Movement Breaks With PDC

PA1812012794 San Salvador LA PRENSA GRAFICA in Spanish 16 Dec 94 p 73A

[Communique issued by the Social Christian Renovation Movement published as a paid advertisement—passages in boldface as published]

[FBIS Translated Text] **THE RUPTURE**

It would be fruitless to continue insisting in the declining path followed by El Salvador's Christian Democrats since 1988 demands major adjustments and the need to overcome serious inadequacies in leadership. Their situation calls for an awareness of the changes taking place in the country and throughout the world that have created new challenges which the party was neither prepared to confront nor in any state to meet with any hope of success.

During the past four years, the national leadership has been constantly questioned by the party's grass roots, because of the inconsistent leadership exercised by a small group that decided to make the concept of internal democracy an alien one by engaging in antidemocratic practices. At the same time, they resorted to the systematic manipulation of internal organizations. In order to legalize their actions, they completely surrendered to Arena [Nationalist Republican Alliance], a fact which is public knowledge.

For those of us who went into politics under a conscious imperative and a commitment to struggle for the common good, the crisis within the PDC [Christian Democratic Party] has destroyed all likelihood that a political plan would be devised that lived up to such postulates. Furthermore, every effort to restore the leading role played by the party during the past three decades was rendered useless by this internal crisis.

The new leaders, most of whom are recently arrived and consequently strangers to heroic party deeds for which the blood of many martyrs was shed, have acted vengefully against long-standing founders and leaders, whom the new leaders call the "gerontocracy," regardless of their age. This position, internally exclusive and externally submissive, made coexistence and concerted efforts impossible because these same people even rejected mediation by the Christian Democratic Organization of Latin America, which was created to encourage reconciliation and prevent a schism that would weaken the PDC even further.

THE NEW CHRISTIAN DEMOCRATIC OPTION

For this reason, responding to the true Christian Democrats' desires and feelings, the party's true rank and file and all of the personalities that the Salvadoran people have always acknowledged as genuine representatives of Salvadoran Christian Democracy have decided to break with the party and form a new organization.

A new political choice, the Social Christian Renovation Movement, was born on 11 December 1994. The movement is committed to working for the good of all, social justice, the perfection of civil society, and the integration of all of the country's progressive forces with a Christian view of man, while recognizing that the country has changed and that the world has undergone substantial changes. Therefore, to incorporate ourselves within the new historical context, we also need to change, renew our vision of reality, update our ideological position, open the Movement to the social sectors that represent the country's future, accept new ideas, and seriously and responsibly meet the new political, social, economic, ecologic, and international challenges.

The Social Christian Renovation Movement agrees with Konrad Adenauer's post-war ideas in Germany on the need to reassess a society dehumanized by war, unify Christian thought in the political struggle, fight ideological lags, and pave the way for participatory democracy.

Latin America's new realities demand new concepts and political methods. The example of Chile illustrates political maturity combined with efficiency, social justice, and popular achievements.

Our country is now confronted with both dissatisfaction among the various social sectors with the current and most prominent structures and the aspirations of these same sectors for more effective government, a more just society, and more effective development of better living conditions, greater security, and a increased well-being.

Conventional political practices have shown that their capacity to successfully meet the new demands is lagging behind. For this reason, a different alternative, capable of interpreting "the signs of the times" and seeking new solutions to today's problems, which are marked by new things, complexity, and the crisis of paradigms, is very necessary.

This awareness has led us to commit ourselves to a new search for ways that can expand prospects for peace, human rights, democratization, sustainable development, Central American integration, the defense of biodiversity and the environment, and our country's adequate incorporation into the new international order. All of these are requirements for a new life for the Salvadoran people.

Therefore, with faith in these lofty purposes and convinced of our doctrines, we hereby invite all Salvadorans of goodwill to join this MOVEMENT, which seeks to become the answer to the aspirations of our people in the face of the challenges of the coming century.

We take this opportunity to send, in the name of the Social Christian Renovation Movement, Christmas holiday greetings, wishing that the coming year will be one of prosperity for all Salvadorans.

SOCIAL CHRISTIAN RENOVATION MOVEMENT

Guatemala

De Leon Addresses Country on Domestic Issues

PA1612235494 Guatemala City Radio and Television Networks in Spanish 0300 GMT 16 Dec 94

[Address to the nation by President Ramiro De Leon Carpio; place and date not given—recorded]

[FBIS Translated Text] Dear Guatemalan people: I address you today to share some things which I believe are important and so we can pause and analyze their repercussions in the country.

In the political field, the government's willingness to advance in the peace process is obvious. It is clear that peace is the responsibility of all Guatemalans. Therefore, we will continue to do everything possible to attain it. After many decades of armed conflict, we are only a few months from its end. Perhaps we have never been so close to signing a firm and lasting peace agreement.

Guatemalans should feel optimistic about making this national effort a reality in the near future, which would be a real milestone in the country's political life.

Due to the illegal increase of urban transportation fares, we recently experienced some internal problems that developed into street riots. Those problems, however, were solved, which confirms that Guatemalans reject violence and demand security

On the same subject, and bearing in mind the policy of the current government to support all municipalities, regardless of political affiliation—the current administration does not belong to any political party— we are working to support Guatemalan municipalities so they can appropriately provide urban transportation service effective January 1995. We are doing it because we believe this is a problem not only of the municipalities but of the nation.

As for the economy, in 1995 we will have a budget approved by Congress. We must note here that after going for two years without an updated budget, now, with the approval of fiscal reforms, the budget will help us make better and greater social investments. We will allocate more funds for programs and projects for those areas still lacking basic services.

I also want to mention that following the announcement of the increase of the value-added tax [VAT], there has been an increase in the prices of certain products, especially family basket products. I want to be very categorical: There is no reason to increase the prices of certain goods just because the VAT has been increased. You must bear in mind that the VAT increase will be implemented when the peace agreements are signed starting on 1 January 1996 [date as heard]. That is why raising prices because of the VAT is mere speculation. The VAT revenues will be used in the countryside in an effort to make peace lasting and permanent.

I want to note that despite the difficult financial situation the government is facing, we have closely coordinated the fiscal, monetary, exchange rate, and credit policies in an effort to prevent inflation from rising.

There is no political or economic reason to increase prices. Therefore, consumers—listen to me well—the Guatemalan people must report this sort of speculation to the Economy Ministry or Finance Ministry so the appropriate investigations can be conducted. Moreover, the Economy Ministry will publish family basket prices every week so consumers will have something for comparison purposes while they are shopping.

In addition, I wish to give some good news to my dear Guatemalan people, especially to those who have had to face power rationing for 18 days for 45 minutes each day. The situation has been resolved. Starting today, normal electric service has been restored to the entire country, which will undoubtedly contribute to the normalization of the country's economic activities. I want to note that, unfortunately, several coinciding factors, including both natural and technical problems, prevented us from getting an appropriate electricity supply.

The low water level at the (?Chixoy) hydroelectric plant due to the lack of rain and, at the same time, the flooding of the [words indistinct] hydroelectric plant from excessive rain, aggravated the financial situation both of [words indistinct] and the electric enterprises, which were forced to provide electricity from thermoelectric plants, which use diesel and bunker oil, with a subsequent increase in operational costs.

As for the technical reasons, many of the plants used by the two electric energy enterprises have reached the end of their useful lives. It became necessary to repair, recondition, and maintain these plants to preclude their complete failure. This required that the plants be taken out of service one at a time. As I said before, these problems have been completely overcome and the necessary steps have been taken to provide adequate electricity according to an emergency plan, which I have given instructions to implement and which has been yielding positive results.

I wish to thank each one of you for your understanding and tolerance and for accepting this uncomfortable situation for 18 days, knowing it would last a short time and that it had been prompted by an emergency situation.

In view of this, with the responsibility invested in me as president of the Republic by the Guatemalan people, and in order to cause the least harm to the Guatemalan people, even in the face of the great difficulties, financial and otherwise, that my government has been experiencing, I am hereby pleased to confirm that the electricity rationing has ended today, 15 December. Nevertheless, I again ask you to understand, with responsibility, that electricity is a scarce and very valuable asset, thus it should not be squandered but used intelligently.

In addition, and while we are still speaking of energy, I have more good news. It was reported to me today that as a result of the oil price fluctuations on the international market, one of the largest fuel importers in the country will in the next few days lower the price of premium gas by about 48 centavos a gallon; regular gas, 45 centavos a gallon; and diesel, 10 centavos a gallon. We expect the retailers to pass these adjustments to consumers immediately.

I wish to tell you that, as a people and as a government, we have faced plenty of difficulties. Nevertheless, we have gradually overcome all of them with your efforts and contributions. The important thing is for us to work and make progress together with a positive and optimistic yet realistic frame of mind. We know there will always be problems, but if the Guatemalan people work as a great family, we will be able to overcome them.

Finally, I wish to tell you that now that Christmas is drawing near, filling the world with light and gladness over the commemoration of the birth of our Lord Jesus Christ, we should understand that just as our homes and enterprises will enjoy man- made light starting today, Jesus' feelings of love and solidarity should forever shine forth from our hearts. Thank you and good night.

Nicaragua

Chamorro on Gen. Ortega's Call for National Agreement

PA1712140894 Managua EL NUEVO DIARIO in Spanish 15 Dec 94 pp 1, 8

[Report by Aura Lilia Moreno]

[FBIS Translated Text] While Presidency Minister Antonio Lacayo supported General Humberto Ortega's call to establish a national agreement among the nation's active sectors before the 1996 elections, President Violeta Chamorro ruled out the high-ranking military officer's call, saying the people are in charge of electing the new president.

"Let us forget the words danger... ruin, and let us move ahead by doing new things," Dona Violeta commented upon her return Wednesday [13 December] from Miami where she participated and signed a series of presidential agreements at the Summit of the Americas. On Tuesday, General Humberto Ortega outlined the need to reach an agreement that will establish the rules of the game for the upcoming election campaign; otherwise, he warned, "we will all end up being torn to pieces."

In his opinion, no one in the nation wants "to walk backward like a crab; instead, we should move forward like a trotting horse." For Dona Violeta, Gen. Ortega's call is nothing new, and she stressed that she has always called for unity and reconciliation among all Nicaraguans.

The president said: "I do not tire of telling all of you this: Let us join together, let us join hands, let us forgive, let us work for the nation." Lacayo maintained that a national agreement should be reached among the presidential candidates and the main political forces to enable the 1996 electoral campaign to "be civilized and not turn into a battlefield."

The presidency minister insisted: "We believe that the same way an agreement was reached between the main candidates and political forces to conduct the 1990 campaign within a framework of respect, another national agreement should be reached in order that the 1996 campaign can be a civic struggle and not a battlefield."

At the news conference Dona Violeta held as soon as she arrived in the nation, she briefly summarized the activities she engaged in during her stay in Miami, highlighting the decision she made to open an office in that city to resolve problems related to confiscated property.

Unofficially, EL NUEVO DIARIO learned that on 10 January the government will open an office in Miami to resolve property cases and that, before 31 December this year, the government will settle at least 200 cases.

During Dona Violeta's stay in Miami and during the encounter she and some of her ministers had with the Nicaraguan community, specific agreements were reached. Among these is one on the house that Colonel Alvaro Baltodano occupies that once belonged to Floyd Jones.

According to our sources, Finance Minister Emilio Pereira interceded with Jones, convincing him to accept compensation bonds while he pushed for an additional agreement under which Col. Baltodano would pay part of the residence's cost. Jones is the second on the list of approximately 240 U.S. citizens who are trying to reclaim their properties.

Dona Violeta also made reference to the efforts she made to convince President Bill Clinton and U.S. congressmen to prevent Proposition 187 from being applied against the thousands of Nicaraguans who live in the United States.

"I told Don Bill to please give preferential treatment to all of my boys, because they cannot leave overnight," said the president, referring to the talks she held with the U.S. President on this issue.

According to Dona Violeta, President Clinton assured her he would consider her request. "I asked God, and on

12 December I asked the Virgin of Guadalupe, to help me enlighten them (Clinton and the congressmen) so that they will grant all my Nicaraguans preferential treatment."

Panama

Newspapers Cite Cuban Rafters on Situation in Camps

PA1712185394

[FBIS Editorial Report] Several Panamanian dailies in their 17 December editions publish various reports on the situation of the Cuban rafters housed in the Operation Safe Haven camps along the Panama Canal.

These reports include references to a news conference by Major General George Crocker, U.S. Army South commander, in Panama City on 16 December in which he discussed U.S. actions at the Safe Haven camps. Also included are a number of allegations by Cuban rafters who claim to have been mistreated by U.S. military personnel.

Panama City LA PRENSA in Spanish on page 1A publishes a 450-word report by Manuel A. Cedeno on the situation in the camps. According to this report:

"After the Cuban rafter uprising was brought under control, the detained Cubans said several U.S. soldiers tortured them, a charge that was denied by the Southern Command, which claimed only necessary force was used to restrain them. Members of the local and foreign media were permitted to visit Camp No. 1 eight days after the violent rebellion by the rafters, which left 250 U.S. soldiers and Cubans injured."

After summarizing Crocker's news conference, including statements confirming that 400 Cubans were detained following the riots, the report adds: "Giovanni Araujo, one of the rafters who was arrested and later released, said they were thrown against the fence at the preventative detention center. Humberto Sanchez said they were verbally and physically abused following the disturbances. He said several of the detained Cubans had their heads stepped on and were forced to kneel on hot rocks under a blazing sun. The rafters complained that their immigration status has not yet been resolved, which is 'creating a great deal of uncertainty, anxiety, and insecurity about our future here.' In March, this anxiety could grow."

LA PRENSA goes on to say: "A certain Sergeant Taylor has been identified as the one who directs 'the clan of torturers' at the detention center, where the Cubans' food was spit on before they wished us Merry Christmas,' according to one of the rafters."

Panama City EL PANAMA AMERICA in Spanish on page 1A publishes a 300-word report by Arnulfo Barroso Watson under the headline "Rafters Denounce Use of Excessive Force." This report, which notes Major General Crocker denied U.S. military personnel violated the human rights of any of the rafters, says:

"Spokesmen for the Cuban rafters at Camp No. 1, scene of the most violent disturbances, reported that the U.S. soldiers used excessive force in the clashes. According to the rafters, a considerable number of them lost teeth after U.S. soldiers kicked them in the face. Others have broken ribs and head injuries as a result of beatings."

This EL PANAMA AMERICA report adds: "The leaders of the Cuban rafters said the soldiers kicked men, women, and children during the skirmishes, handcuffed them, spat on them, and forced them to lie face down on rocks for several days. In addition, the detainees have been kept in isolation and the condition of their health is unknown."

The report continues: "Xiomara Hernandez said with tears in her eyes that her young daughter, Deyanaris Acosta, was pushed down and walked over by U.S. soldiers on 8 December when she was arrested, adding that she has not received any word about her daughter or her condition since then."

Panama City EL SIGLO in Spanish on page 8 publishes a 225-word report by Yuriela Sagel on Maj. Gen. Crocker's news conference. After noting that Crocker estimated damages to the Safe Haven camps exceeded $100,000 and that there were no human rights violations at the camps, the report adds: "The media were allowed to visit the camps for the first time since the disturbances, although the visit was limited to the area of the main gate." The report's final paragraph states: "The Cuban rafters claim the presence of a large number of Rangers is creating a tense atmosphere in the camps, and they are calling on the United States to speed up their departure from the military bases."

Rafters Report Mistreatment, Torture by U.S. Troops

PA1712160394 Panama City LA ESTRELLA DE PANAMA in Spanish 17 Dec 94 p A-1

[Report by Jacqueline Clarke]

[FBIS Translated Excerpt] A group of Cuban rafters accused the U.S. Army yesterday of treating them as "criminals," adding that they were being "harassed" following the disturbances that occurred last week.

Juan Hidalgo Almaguer said rafters are being treated like "murderers" at the preventative detention center, and he added that fellow rafters are being tortured by the U.S. soldiers.

"They asked us whether we threw rocks after making us squat down. While in handcuffs, we heard the moans of our fellow rafters, and if we turned to see how they were being tortured, we were beaten," Almaguer said.

Likewise, Jose Alberto Chavarria said some 50 Cubans are under arrest in a tent near Camp No. 1 where the U.S. soldiers "are mistreating" his fellow Cubans.

"They are forced to squat all day long, leaning up against the rocks under the hot sun; they went days without taking a shower until today, because today they knew that you (the media) would be coming," Chavarria said.

Almaguer said he fled the camp because he was afraid, adding that he returned to the camp with a group of escapees who were carrying a "white flag."

"The authorities kept us two days in the crazy camp (detention center) handcuffed and sleeping in a barracks full of ticks and a muddy floor, wet with humidity. I turned myself in. Why are they treating me like a murderer or a criminal?"

U.S. General George Crocker, commander of the Panama Joint Task Force, showed the media a video of the events that took place on 8 December and the weapons reportedly used by the rafters in the scuffle, ranging from pointed sticks, nunchakus (Japanese weapons), screwdrivers, and saws. In the video, the rafters were seen pushing a truck owned by Budget Rent-a-Car against the gates of Camp No. 1. Some of them had their faces covered with handkerchiefs.

Concerning this, one rafter said, "I ask myself how we could get with these kinds of weapons if we are checked every time we return from making visits," adding that they only used "rocks, and the handkerchiefs were used in order not to be recognized and prevent reprisals from being taken against them." [passage omitted]

PDC Critical of Using Cuban Crisis To Admit U.S. Troops

PA1712225194 Panama City EL SIGLO in Spanish 16 Dec 94 p 5

[From the "Leaks and Tips" column]

[FBIS Translated Text] The Political Committee of the Christian Democratic Party [PDC] has censured the way in which the government of Ernesto Perez Balladares used the crisis to promote the arrival of U.S. troops, something that has no objective but to quell the justified protests at the incomprehensible and unacceptable proposal to return the rafters to Cuba.

The PDC also totally rejected the current situation faced by the Cuban rafters and voiced its rejection of the repression and violations of human rights suffered by them on 8 December.

The Panamanian Government is directly responsible for the fate those Cuban rafters, since Ernesto Perez Balladares, in an act of compliance with the U.S. Government, offered our country in accepting those who endangered their lives by setting sail in their search for freedom," the committee stated. [no opening quotation mark as published]

Argentina

Menem Leaves for Mercosur Talks in Brazil

PY1612164394 Buenos Aires TELAM in Spanish 1509 GMT 16 Dec 94

[FBIS Translated Text] Buenos Aires, 16 Dec (TELAM)-—Aboard the presidential plane Tango 01, President Carlos Menem left at 1200 [1500 GMT] today from the Jorge Newbery metropolitan military base airport for the Brazilian city of Ouro Preto to participate in a Mercosur [Common Market of the South] meeting.

Piloting a helicopter, Menem, who arrived at the metropolitan airport from the Olivos presidential residence, did not make any remarks to journalists.

Menem Arrives in Brazil

PY1612211994 Buenos Aires TELAM in Spanish 1954 GMT 16 Dec 94

[FBIS Translated Text] Ouro Preto, Brazil, 16 Dec (TELAM-SNI)—President Carlos Menem arrived in Belo Horizonte this afternoon. From here he will travel to Ouro Preto to participate tomorrow in the Mercosur [Common Market of the South] regional summit.

Menem's first official engagement will be at 2000 when he will visit an Ouro Preto church and listen to a choir. At 2100 he will attend a reception offered by Itamar Franco for the other Mercosur presidents at the Inconfidencia Museum.

Argentinians Disapprove of Alignment With U.S.

PY1712010694 Buenos Aires LA NACION in Spanish 13 Dec 94 p 12

[FBIS Translated Text] A survey conducted by the Union Study Center for the New Majority shows that Argentine alignment with the United States is disapproved of by a slighter higher percentage of people than those who approve of it.

Surveyors questioned 917 citizens living in the Federal Capital and greater Buenos Aires. A total of 32.7 percent of those questioned said they did not approve of such an alignment, while 29.8 percent approved, 24.5 percent were not sure, and 13.1 percent did not answer. The rate of approval was thus 0.91 percent in favor for each percentage point against.

Alignment with the United States had the highest support in the capital, where 34.4 percent approved of it.

Those with better education are more likely to approve alignment; 31.8 percent of those with graduate studies approved of the idea. The proportion here is 1.17 opinions in favor for every opinion against.

The approval rate among those who finished high school is 27.7 percent (0.76 opinions in favor for each opinion against). The approval rate among those who finished primary school is 30.6 percent (0.96 opinions in favor for each opinion against).

Questions about the official foreign policy and Foreign Minister Guido Di Tella had similar results. A total of 28.7 percent of those consulted approve of the country's foreign policy, while 22.5 percent of those questioned disapprove of it.

A total of 73.3 percent of those who voted for the Ucede [Democratic Centrist Union] support an alignment with the United States, while 48.5 percent of those who voted for the PJ [Justicialist Party] approve of it.

Alignment with the United States is supported by 20.3 percent of those who voted for the Modin [Movement for Independence and Dignity]; 19.2 percent of those who voted for the UCR [Radical Civic Union]; 16.7 percent of those who voted for the Grand Front; and 8.9 percent of those who voted for Socialist Unity.

Surveyors questioned 917 citizens registered to vote in the Federal Capital and greater Buenos Aires. The margin of error is 4.5 percent. The survey, conducted during December, was coordinated by Adriana Martinez Vivot.

Among the conclusions, New Majority points out that alignment with the United States is viewed better in the capital than in greater Buenos Aires, where there is less awareness of the issue.

Accord Reached With Japan on Processing With Plasma

PY1612171594 Madrid EFE in Spanish 2308 GMT 14 Dec 94

[FBIS Translated Text] Buenos Aires, 14 Dec (EFE)—The National Commission for Atomic Energy (CNEA) and the Japanese International Cooperation Agency (JICA) today signed a cooperative agreement on the processing of materials by using plasma.

The CNEA reported that the processing of materials by using plasma [a collection of charged particles] containing ionized cold gases improves the abrasion and corrosion resistance properties of metals, compounds for surgical implants, textile products resistant to stains and wrinkles, and ornamental and optical coatings.

The agreement is aimed at the production of hard surface coatings for the tool industry. Through this agreement, Japan will contribute with $300,000 and a training program for Argentine personnel during a three-year period.

The signing of this agreement represents Japan's first international opening in the transfer of this type of technology to other nations. The technology of materials processing using plasma, a field in which Japan is the leading country in the world, was the basis for the revolution in the electronics industry involving production of integrated circuits, and its projection to other industrial areas is currently expanding within the developed countries.

Petrella Denies Possible Israeli Actions on Borders

PY1612182494 Buenos Aires TELAM in Spanish 1622 GMT 16 Dec 94

[FBIS Translated Text] Buenos Aires, 16 Dec (TELAM)—Vice Foreign Minister Fernando Petrella today ruled out the possibility of Israel acting directly in the border area involving Argentina, Brazil, and Paraguay vis-a-vis the alleged presence of pro-Iranian terrorists.

In remarks to Radio 990, Petrella said: "In no way will the Israeli authorities act directly but rather in cooperation with the security forces of the countries involved."

The vice foreign minister was asked about remarks made by Ori Or, the Israeli Knesset Defense Committee chairman, to the television network CNN. Or said: "We are well aware of what is happening on the border. We can and we will act."

Petrella emphasized: "I do not harbor the slightest doubt that the Israeli official was not thinking of a direct action, but of acting in agreement with the law, in cooperation with the security forces of the countries involved. It is not possible to think differently."

Petrella indicated: "Some people emphasize the fact that in that area there are groups cooperating with violent actions, but I have no way of confirming it."

Nevertheless, the foreign vice minister noted: "In these matters, it is necessary to act pre-emptively. Therefore, it makes one even more careful. It is necessary to be watchful and vigilant."

Petrella emphasized: "Argentine media and the media of the countries involved are watchful and vigilant because it is believed that there is a possibility that these groups exist in that area."

Argentinians Disapprove of Alignment With U.S.

PY1712010694 Buenos Aires LA NACION in Spanish 13 Dec 94 p 12

[FBIS Translated Text] A survey conducted by the Union Study Center for the New Majority shows that Argentine alignment with the United States is disapproved of by a slighter higher percentage of people than those who approve of it.

Surveyors questioned 917 citizens living in the Federal Capital and greater Buenos Aires. A total of 32.7 percent of those questioned said they did not approve of such an alignment, while 29.8 percent approved, 24.5 percent were not sure, and 13.1 percent did not answer. The rate of approval was thus 0.91 percent in favor for each percentage point against.

Alignment with the United States had the highest support in the capital, where 34.4 percent approved of it.

Those with better education are more likely to approve alignment; 31.8 percent of those with graduate studies approved of the idea. The proportion here is 1.17 opinions in favor for every opinion against.

The approval rate among those who finished high school is 27.7 percent (0.76 opinions in favor for each opinion against). The approval rate among those who finished primary school is 30.6 percent (0.96 opinions in favor for each opinion against).

Questions about the official foreign policy and Foreign Minister Guido Di Tella had similar results. A total of 28.7 percent of those consulted approve of the country's foreign policy, while 22.5 percent of those questioned disapprove of it.

A total of 73.3 percent of those who voted for the Ucede [Democratic Centrist Union] support an alignment with the United States, while 48.5 percent of those who voted for the PJ [Justicialist Party] approve of it.

Alignment with the United States is supported by 20.3 percent of those who voted for the Modin [Movement for Independence and Dignity]; 19.2 percent of those who voted for the UCR [Radical Civic Union]; 16.7 percent of those who voted for the Grand Front; and 8.9 percent of those who voted for Socialist Unity.

Surveyors questioned 917 citizens registered to vote in the Federal Capital and greater Buenos Aires. The margin of error is 4.5 percent. The survey, conducted during December, was coordinated by Adriana Martinez Vivot.

Among the conclusions, New Majority points out that alignment with the United States is viewed better in the capital than in greater Buenos Aires, where there is less awareness of the issue.

Senate Approves Voluntary Military Service Bill

PY1612024194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1142 GMT 15 Dec 94

[FBIS Translated Text] Buenos Aires, 15 Dec (NA)—The Senate has passed the draft bill creating the Voluntary Military Service (SMV). Single men and women between 18 and 24 years of age and without a police record are eligible to join and earn a salary in the service.

The law establishes that if the number of volunteers does not reach that required by the three Armed Forces branches (some 26,500 are estimated to be needed), the executive branch will be empowered to draft 18-year-old citizens until the desired number of soldiers is contracted.

The law, approved last night, says that all extensions requested so far, and all penalties imposed on deserters will expire from the time the SMV is created.

Applicants to the voluntary service must be native or naturalized Argentine citizens who will be given training, education, and instruction to perform within the so-called National Defense System. They will receive a salary determined by the executive branch.

According to the law, voluntary soldiers must respect the Armed Forces principle of political neutrality and will abstain from participating in the activities of political parties or organized labor. They will be able to vote according to what is established in the National Electoral Law.

Voluntary soldiers will also be obliged to strictly fulfill the law and military regulations in effect and will obey the orders of their superiors, which will be issued in accordance with the specific activities of the various branches.

Among the benefits granted by the SMV are the paying of a monthly salary, social security coverage, seniority for retirement purposes, labor training certificates, and assistance in entering military institutes. These soldiers will serve for a period that cannot exceed one year.

The executive branch will require congressional authorization to implement a draft. The executive branch will have to explain the reasons for the request, and why it was unable to fulfill the pertinent quota.

Drafted citizens will have the same rights and obligations as volunteer soldiers, including the right to a monthly compensation.

Citizens who at the time of the call consider themselves unable to go through the military service out of deep religious, philosophical, or moral convictions, and who are opposed to the use of weapons, must serve in the Substitute Social Service.

Citizens registered in the latter will perform useful public activities such as civil defense and protection; social, sanitary, or educational services; and the protection of the environment.

Bolivia

U.S. Embassy Vehicle Carrying Cocaine Seized

PA1712190894 Mexico City NOTIMEX in Spanish 1511 GMT 17 Dec 94

[FBIS Translated Text] La Paz, 17 Dec (NOTIMEX)—The Bolivian Counternarcotics Police have seized a U.S. Embassy vehicle containing 68 kg of cocaine sulphate and arrested four people on charges of crimes against public health, it was reported here today.

According to the report, a vehicle of the Narcotics Assistance Section [Seccion Estadounidense de Asistencia para Narcoticos] (NAS), which is under the U.S. Embassy in Bolivia, was stopped at the Bulo Bulo military checkpoint in the central region of Chapare with a cargo of drugs reportedly destined for Chile.

The van, whose license plate number was not disclosed, was returned to the U.S. Embassy, but the prosecutor warned that it could be seized at any time to complete judicial proceedings.

The suspects, two of whom work for NAS, were turned over to judicial authorities in Chimore in the coca zone of Chapare.

Froilan Ulloa and Johnny Villaroel confessed that for months they had illegally transported drugs from Chapare and delivered them to a drug trafficking ring headed by Felicia Escobar and Juan Montano, who are being investigated by the Special Counternarcotics Force.

Local police reported that the constant flow of vehicles to the red coca zone raised the suspicions of the Mobile Police Unit for Rural Areas, which monitors the region. They searched the van and found the drugs.

The U.S. Embassy voiced its concern because this is the first incident in which officials of that diplomatic mission have been involved in drug problems.

President Installs New Military Command

PY1612142194 La Paz Television Nacional Network in Spanish 0100 GMT 16 Dec 94

[FBIS Translated Text] The new top military command was installed today. The new members are: Former Army Commander Reynaldo Caceres Quiroga is the new commander in chief of the Armed Forces; General Jose Perez Reyes Ortiz, the new chief of staff; Abel Montero Cortez is the new Army commander; (Oscar Sanchez Regrin) is the new Bolivian Air Force commander; and (Remberto Barrios) is the new commander of the Bolivian Naval Force.

President Gonzalo Sanchez de Lozada said: There can be no democracy without Armed Forces.

Cardenas Sustains 'Slight Injuries' in Plane Crash

PY1612173494 La Paz Television Nacional Network in Spanish 1700 GMT 16 Dec 94

[FBIS Translated Text] We start today's newscast with a report involving Vice President Victor Hugo Cardenas. The plane that was carrying the vice president to Caranavi was involved in an accident this morning at about 1100 when it landed on a Caranavi road.

Cardenas sustained some injuries, which are not serious. According to reports received from Caranavi, the vice president was immediately taken to the local regional hospital.

The plane was completely destroyed by fire. No one was killed. We repeat that the injured are not in critical condition. The pilot and co-pilot were also injured in the accident.

The report states that the vice president sustained slight injuries on the face. Local officials had invited Cardenas to Caranavi to head the anniversary ceremonies of the newly-established La Paz Province.

We will have further reports on this accident in tonight's PAT [Television Reporters' Group] newscast.

We repeat that the vice president is fine. He only sustained slight injuries.

Government Minister German Quiroga Resigns

PY1612213894 Madrid EFE in Spanish 2045 GMT 16 Dec 94

[FBIS Translated Text] La Paz, 16 Dec (EFE)—It was reported in La Paz today that Bolivian Government Minister German Quiroga has resigned.

His resignation coincides with the publication in the La Paz press of a picture showing Quiroga with the main aides of former Interior Minister Luis Arce Gomez during the de facto regime of Luis Garcia Meza (1980-1981).

The picture was shown on 15 December in the Chamber of Deputies during a debate on the links between former Bolivian President Jaime Paz Zamora and drug trafficking and was published in a number of La Paz dailies today.

Deputies To Enforce Drug Law Against MIR Members

PY1612235294 Madrid EFE in Spanish 2212 GMT 16 Dec 94

[FBIS Translated Text] La Paz, 16 Dec (EFE)—The Bolivian Chamber of Deputies decided today by a majority of 69 votes to enforce the antidrug law [Law 1008] against the leaders of the Movement of the Revolutionary Left (MIR), the party of ex-President Jaime Paz Zamora, accused of protecting drug trafficking.

Tropics Development Master Plan Announced

PY1612195994 Cochabamba LOS TIEMPOS in Spanish 7 Dec 94 pp A1-A2

[FBIS Translated Text] La Paz 6 Dec (EFE)—Coca producers representatives will enjoy considerable power in administering the Master Plan for the Development of the Tropics, to which EFE had access.

The first phase of the plan, which extends to 80 pages, will be disclosed on 7 December to the Chapare districts by Foreign Minister Antonio Aranibar during a special act.

The plan states that the coca-cocaine problem is not the only one affecting Chapare. It proposes harmonious development in which peasants and coca growers play significant roles in administering the plan, preserving the ecosystem, and maintaining roads.

The plan will be implemented by a group of three government representatives, plus peasant organization representatives, under the presidency of Planning Management of the Cochabamba Development Corporation (CORDECO) [Gerencia de Planificacion de la Corporacion de Desarrollo de Cochabamba]. It establishes three action areas in an attempt to attain an "integral economic and social" development.

The proposal, drafted by a team of professionals and coca grower leader Evo Morales, establishes strategic development guidelines at the institutional, economic, social, and environmental levels.

The institutional strategy proposes "promoting and safeguarding full participation of peasant producers in the development process" through institutional participation and coordination between the government and the peasants, with international support.

The institutional structure will comprise the National Committee for Alternative Development (Conadal). The Management Plan will handle "all necessary decisions to implement the plan" and administer the technical and financial resources.

"Under the presidency of the Planning Management" of CORDECO, this management will include a representative of the Tropics city halls and another from the Under Secretariat for Alternative Development (Subdesal).

The management team will also include the Coordination Committee president, the Peasant Technical team director, and a representative of the Tropics Federation, who will administer the technical and financial resources for the execution of the plan.

The economic strategy proposes generating a diversified, competitive, and efficient economy through the establishment of peasant enterprises, agriculture cooperatives, organized groups of peasants, and development for private entrepreneurs.

To this end, the master plan provides for the establishment of a system of incentives for productive investments in the Tropics, seeking to diversify agricultural production, agro-industry, forestry, and tourism. The economic strategy places emphasis on the creation of an efficient marketing strategy to make the entire tropical region productive based on an agricultural and livestock policy.

This strategy also foresees the supply of electrical power "over a wide area and at convenient prices for the Tropics," the extension of power lines, the implementation of development programs for the installation of small hydroelectric enterprises, and the use of natural gas and non-conventional sources of energy for industry.

The economic strategy proposes the development of a highway network and the formation of "squads to improve and maintain highways under the responsibility of peasant, municipal, and support institutions like Non-Government Organizations. [no closing quotation marks as published]

The social strategy proposes overcoming the backwardness and poverty under which the people of the Cochabamba Tropics live, improving their living standards and their access to health, basic sanitary and educational services.

The social strategy suggests "regionalizing" the education program, "adapting education to production," teachers' training programs, and adult literacy programs.

Commentary Views Prospects for Summit

PY1712001294 La Paz PRESENCIA in Spanish 6 Dec 94 p 2

[Commentary by "lawyer and internationalist" Juan Mariategui: "Summit of the Americas"]

[FBIS Translated Text] Every U.S. Government must have a foreign policy for the world and, especially, one for Latin America. Franklin D. Roosevelt had the so-called Good Neighbor policy, Harry Truman implemented Point Four, and John F. Kennedy (early in the 1960's) sponsored The Alliance for Progress. In the 1970's Jimmy Carter implemented a foreign policy based on human rights, George Bush sponsored the Brady Plan, the Americas Initiative, and NAFTA—which includes Canada and Mexico.

During the November 1992 U.S. presidential campaign, Latin America was practically not mentioned in the three televised debates between Bush and Clinton—just as in previous electoral campaigns. In the first months of the Clinton administration, the effort to draw up a global foreign policy is still not coherent because the United States leads a unipolar world in the political and military aspect, but so not in the economic field where contradictions and friction appear in U.S. relations with Europe, and Japan.

The people of the old communist world in Europe seek to improve their standards of living with the transition from a planned economy to a market economy. But the results cannot yet be seen. Thus, the concept of U.S. domination with new methods remains and to guarantee domination the United States relies on the best natural resources of the third world. With this in mind, early in the 1980's, it designed a neoliberal policy for developing countries.

Neo-liberalism seeks to increase the accumulation of capital in the North and to reduce the chances for the South to establish a new international economic order. This brings us back to the "Charter of Economic Rights and Duties of States" that was approved by the 30th UNGA in 1974.

The implementation of a neo-liberal policy basically seeks to guarantee the payment of the foreign debt, and to do that, a privatization program of public companies in all the countries of the third world was established. Neo-liberalism (I should say dependency) has the support of the IMF and the World Bank. Therefore, it should not be surprising that when a Latin American government (or Asian or African) fulfills all the economic desires of these financial organizations, it receives the appropriate praise for its "pragmatism," only to then realize that the result only adds poverty to the little wealth already existing before the measures were implemented.

The Summit of the Americas will be held from 9 to 11 December in Miami within this context and with the additional burden of the defeat of the Democratic Party in the congressional elections on 8 November. Will it be necessary to improve Clinton's foreign policy in its relations with Latin America at this important summit which was prepared so far in advance?

U.S. foreign policy is so far based on the development of trade and the consolidation of the NAFTA, respect for human rights, the defense of western type democracies, the struggle against drug trafficking, etc. Within this trend, it is believed an effort will be made to stifle the idea of lifting the unilateral U.S. embargo that has affected the Cuban people and government for three decades. Everything seems to indicate that the U.S. dominant position over Latin America will be strengthened.

We live in a world of blocs, and Latin America cannot ignore this trend. The various issues on the summit agenda, although they are important for the future of trade and development, seem to fulfill an objective. Following their approval, they may be implemented through bilateral relations.

I am convinced it would have been better to hold a meeting between the United States and the members of the Rio Group or the SELA [Latin American Economic System]. This would have allowed Latin America to negotiate as a bloc, like when these organizations negotiated directly with the EU. This is not the case of the Summit of the Americas.

Some governments understand it under this perspective. This is the case of a DPA announcement that said: "Bolivia will support the Group of Rio joint declaration. It will seek to include the capitalization of state companies which involves selling 50 percent of shares to foreign investors and distributing the other 50 percent among the Bolivian adult population in the form of savings for pension funds."

In another case, SELA—which is headquartered in Caracas, Venezuela—sent a document on 26 November 1994 to the foreign ministries of its 27 members pointing out the disparity of vision existing between the United States and Latin America on various issues included in the agenda of the Miami Summit of the Americas. SELA thus proposed the following: the expansion of NAFTA and a faster liberation timetable than the APEC [Asia-Pacific Economic Cooperation]; improvements to mechanisms of negotiation and follow-up like those proposed by the Inter-American Development Bank, the OAS, and

ECLA [Economic Commission for Latin America]; more precision on obscure points of the U.S. trade policy, like the one related to the GSP, and how to expand the NAFTA.

In this stage of globalization of the economy, it is time for Latin American governments to advocate common positions in accordance with their legitimate national and regional interests. The relationship with the United States must be modernized in the sense of preventing confrontation to help negotiations under the best conditions. This is the only way there will be more benefits for our people.

Brazil

Cardoso Gives Farewell Speech to Senate

PY1512140194 Rio de Janeiro TVE Television in Portuguese 1712 GMT 14 Dec 94

["Farewell speech" by Senator Fernando Henrique Cardoso, Brazilian president-elect, to the Senate in Brasilia—live]

[FBIS Translated Text] Mr. President of the Federal Senate, Senator Humberto Lucena, Messrs. and Mesdames Senators:

I return to this tribune not to say farewell, but to utter words of gratitude and loyalty. Twelve years ago, the man who made his first speech here was an intellectual who the artifices of authoritarianism compulsorily dismissed from his position as university professor and transformed into an apprentice in the art of politics. Today, after completing a stage of this apprenticeship, I feel great emotion upon leaving this house in whose interior I have become a proud and full-fledged politician. With the certificate of president of this country, a position to which the people generously elected me, I come in the presence of my peers to say, from the bottom of my heart, thank you very much. Thank you for the opportunity of permanently participating in dialogues and debates, several of them heated and tense because of our awareness of the risks of reaching impasses that were finally overcome for the good of the country.

Despite all that, however, these debates have always been honest and constructive. No drill could have been more gratifying to someone like me, who believes that a democratic way of conducting politics must consist of a civilized way of coexisting, must be the art of transforming society by believing in one's own reasons while still listening to the reasons espoused by the others, and must involve analyzing the consequences of one's own acts. The democratic way of implementing changes implies changing the conscience of the people by convincing them of certain truths. If this process is not conducted through veiled impositions, it becomes a process of mutual enlightenment signifying that one may succeed in convincing his interlocutor as much as in being convinced. Thank you for the examples of public spirit that I have had the fortune of harvesting in this house. There have been so many examples coming from so many different politicians that they stregthened my belief that devoted defense of the common good is no one's monopoly, and that it ignores frontiers created by political parties and ideologies, as well as regional and class-based interests. All it calls for is generosity to consider what is best for the country as a whole, as well as discernment to recognize what decision is best. Here, I have also learned that this discernment is much more the result of practice in dealing with public assets than of any theoretical knowledge.

When I first occupied this tribune 12 years ago, I rendered honors to two politicians: Ulysses Guimaraes and Andre Franco Montoro. In my opinion, they represent the most perfect virtues of men who have public spirit and the capacity to hold dialogues.

Today, I would like to register in the Senate annals my gratitude to all congressmen who, within this house and outside it, have made these same virtues the fundamentals of the bridge that made the democratic transition possible.

In my opinion, the last elections have closed this transition. After 16 years of advances and retrocessions and after former President Geisel's slow and gradual opening toward democracy, our transition seems to have finally reached the safe port of a consolidated democracy. I am now speaking more as an observer of our recent history than as a president-elect. Has the construction of our democracy been finished? Certainly not. There is an agenda of political reforms that did not end with our choosing a government system. We will have to implement these reforms in order to make the voters' support of the presidential system compatible with the requisites of legitimacy and effectiveness of our representative institutions. When I say that transition has reached a positive conclusion, I am not referring to the institutions. I primarily refer to the rooting of democracy in the firm soil of Brazilian society. This is the good news confirmed by the elections.

It is true that the political frustrations of the last few years have had consequences: The level of absenteeism and the number of blank and null votes have increased. These two facts remind us that the people have large reserves of hope, although this hope is not inexhaustible. The immense majority of the people, nonetheless, have again participated in the elections and have massively distributed their votes among the various options. Once the differences among the parties were well evaluated, this support for various options indicated interest in a common horizon containing changes to be implemented in freedom.

During the months I toured Brazil, I often read in the eyes of the humblest voter and in the most remote parts of the country a touching message of confidence. This confidence was accompanied by dignified and honorable demands by people who are aware of being citizens and proud of being so. Those who carry these feelings in their bosom, even if they have yet to be translated into words, will know how to reject situations in which they would have to make choices in the dark, relapses into authoritarian regimes and, what would be worst of all, the apathy of a democracy that exists only in theory, of a democracy the economic and social content of which have been destroyed by the plagues of elitism, political opportunism, and corporativism. It is surprisingly unexpected to see a society that is marked by huge disparities and that has been recently punished by being sourly let down by its leaders being capable of marching toward the ballot boxes with so much tranquillity. More startling still is the fact that the elections have united this society further around the prospects of a more prosperous and fair future, which will be achieved via democracy.

I ask myself: Will those of us who received these votes be able to overcome our own shortcomings and meet the expectations of this society? I believe that in this area there are also signs of good news. This electoral dispute has not left scars on the candidates or political parties, at least at the national level. Some representatives of the media have sometimes protested the coldness of the electoral campaign. I have not seen coldness. I have seen the voters' effort to make more considered choices and an atmosphere of civility among the candidates. I tried to contribute to this atmosphere and must thank my competitors for their contribution to it. Circumstances made it easier to achieve this atmosphere. Collapse of the international ideological frontiers had echoes, although with some delay, in our domestic politics and cooled off the sectarian impetus of the left and the right. The historic division between those who support or oppose the 1964 regime [military dictatorship], which somehow survived the Democratic Alliance pact, no longer exists and does not polarize the political forces or the voters. Attempts to reestablish this division during the electoral process have been frustrated and, if any doubt about that still remained, were entirely eliminated in the face of the alliances made by all candidates for the gubernatorial elections runoff.

The maturing of our society is thus accompanied by a healthy detente of the political forces. It is healthy not because polarization is an evil in itself. On the contrary, polarization is the mainspring of the democratic process. It is healthy because by removing the blockades of the past, it opens up the path to another sort of party profile that does not hinder dialogues while instituting the dynamics of competition among different alternative ways of building our future. This is why I feel encouraged to assert that we have reached the end of our transition process, and that Brazilian democracy finally rests on firm bases, although its institutional structure still calls for improvements.

I pay homage here to those who, although maintaining party positions and personal convictions, knew how to shake hands and lend their hand to the country in an effort to overcome the impasses that appeared along the way. These impasses were many, many indeed. If President Lucena allows me, I would like to say that I will never forget the attitude of the then Senate president during one of the first congressional sessions I attended after being elected senator. On the occasion, then Senate President Senator Nilo Coelho, although under strong pressure exerted by all of us members of the oppostion, knew how to maintain his position as a magistrate and consolidated a decision that contradicted, for the first time under the authoritarian regime, a government decision: The decision to freeze salaries. We opposed the government decision and Senator Nilo Coelho never hesitated between loyalty to the House over which he presided and to his party links.

Politicians in general, and the legislative branch especially, have been the target of very hard criticism, some of it partially valid. I have no intention whatsoever to omit the truth in the name of an inappropriate solidarity with my peers. Society has the right to be hard, even implacable, in demanding decency and openness from its representatives.

We must, however, separate wheat from the chaff if we want to make this demand effective. It is fair, therefore, to loudly assert that the transition to democracy would not have reached this positive stage, our democracy would not be standing on its own, if there had been no politicians with a capital "p" in our national Congress, if there had not been deputies and senators of the best sort, whose presence would honor any Congress in the world. They are public men who, in the most difficult moments, preferred to run the risk of echoing society's yearnings for change rather than entrench themselves in already established positions. These congressmen also understood that in certain moments, it is more important to compromise and move one step forward than simply hold fast to their positions. These congressmen never lost heart or gave up their responsibility of working on the agenda of the national decisions.

How often wouldn't it have been easier and even understandable if they looked after their own interests while washing their hands in the face of the almost insoluble puzzle created by the fragmentation of our political forces. By counting on such high-level politicians, this Congress—the same Congress the Brazilian society sometimes wants to turn its back on because it is a cruel mirror of its own heterogeneity—has been capable of overcoming its difficulties and winning the big challenges of transition to democracy. It has been here that a new majority of congressmen supporting changes, cast in the heat of the mobilization for direct presidential elections in 1984, revealed that the cycle of the military administrations had ended. When the agonizing authoritarian regime gathered forces to ban direct presidential elections, this same majority prepared the pact for a peaceful transfer of power to civilians, and opened up the path for restoration of full party freedom, for summoning of the Constituent Assembly, and for the drafting of a new Constitution. Despite all of its well-known shortcomings—which I will analyze later on—the

Constitution vigorously restored the rights and guarantees of a modern democracy.

More recently, when the country felt betrayed in its confidence by the first president to be directly elected by the people after 30 years of military regime, the Congress again heard the voice of the people on the streets and made solution of the crisis possible without any institutional rupture. This same Congress, hardly recovered from the impeachment trauma, was able to expose its own weaknesses in a painful process of self-purification. It is true that in the hardships of this process we have lost a unique opportunity of reviewing the Constitution, as foreseen in the transitory measures contained in the 1988 Constitution.

Even so, we were able to approve the legal basis for the economic stabilization program with which President Itamar Franco's administration built a bridge for resumption next year of the structural reforms the country requests. I say that we were able to approve it because I participated in the drafting of the Real Plan as a minister. I have never felt ill at ease when I was summoned by the Congress to debate the economic plan. I have just proudly participated in the electoral campaign under the title of senator, of senator for Sao Paulo, and I have clearly held myself responsible for the political alliances I made so that the voters could evaluate said alliances. The easy appeal of the anti-political discourse has never attracted or intimidated me. I achieved my position of politician, of a man of dialogue, and of a congressmen in this house and, when I was invested with the functions of a minister, I carried out my role with immense satisfaction. I will be faithful to this house as president, as I have been while still a candidate. I will do this not only because I am grateful for the teachings I learned here, not only because of my personal affection for the senators and deputies with whom I had the privilege of working during those 12 years, but also because I understand that there cannot be a strong democracy without a strong Congress, attuned to the yearnings of the people and ready to share powers and responsibilities in governing the country.

Mr. President, Messrs. Senators, we have concluded the transition task. Looking back and reviewing the obstacles already overcome, we can tell ourselves and the country—without boasting, but with satisfaction—mission accomplished. Now is not the time, however, for congratulations only. It is the time to think about the future, to design and plan, with the ruler and compass of democracy, the type of country we want to build for our children and grandchildren. It is also the moment to surmount the distance between dream and reality. In my opinion, however, the path that leads to the future calls for settling accounts with the past.

I firmly believe that authoritarianism is a closed chapter in Brazilian history. A chapter of our political past, however, still obstructs the present and delays the progress of our society. I refer to the Vargas era [the years during which Getulio Vargas was president of Brazil], to its model of self-sufficient development and its interventionist administrative apparatus. This model, which ensured progress in its day and allowed our country to become industrialized, began to lose force at the end of the decade of the 1970's.

We went through the 1980's blindfolded without realizing that the problems that afflicted us—the repercussions of the oil shocks, foreign interest rates, the decadence of the authoritarian regime, and hyperinflation—were concealing the exhaustion of the Vargas development model.

By the end of what justifiably has been described as the lost decade, the most prominent political and economic experts from the most varied schools of thought had already agreed that Brazil was not merely experiencing a series of circumstantial crises but the end of a long-term development cycle. The very complexity of the industrial process in force did not allow the introduction of new industrial technology because it replaced it with imports. The perpetuation of protectionist and government interventionist patterns suppressed competition, which is imperative to achieve economic efficiency. Thus Brazil was increasingly distancing itself from the inflow of innovations at the technological and managerial levels that were revolutionizing the world eocnomy. The opening of a new development cycle would have necessarily led us to discuss the issues of state reform and of a new model to achieve Brazil's inclusion in the international economy.

We still needed to take the agenda discussed by the different qualified forums and implement it at the national political level. This started to take place in the administration that preceded President Itamar Franco's administration. Unfortunately, it was done in a disorderly fashion, amidst a political atmosphere filled with aberrations.

Due to President Itamar Franco's political shrewdness, the results achieved were not engulfed by the fracas that affected his predecessor. Under the extremely difficult situation all of us are well aware of, and guided by the intuition of the statesman that is today acclaimed by the entire nation, His Excellency was able to save from the catastrophe that which needed to be saved: the opening of our economy and the privatization process. In particular, he retained on the political agenda the reforms needed to implement a new development model.

The country owes Itamar Franco much more: It owes him the restoration of dignity to public servants. It owes him the courageous decision of combating at its root the evil of inflation that impoverished society, undermined the credibility of institutions, and prevented development.

I am particularly thankful to His Excellency for granting me the opportunity of leading this challenge in my capacity as finance minister, and for his constant support.

In view of this, I am ready to assume the presidency not with the messianic attitude of a man who has been entrusted with accomplishing an extraordinary task. I am assuming the presidency as the proud successor of the work undertaken by President Itamar Franco, and as a man chosen to implement a model for change extensively discussed by society and exhaustively discussed by political forces.

Allow me, Messrs. Senators, to review the basic points of this agenda, stressing those points that will demand the interaction of the president, Congress, and all national political forces if we are to successfully implement these changes:

The first is the continuation and expansion of the economic stability process, not as a end in itself, but as a precondition to achieve the sustainable growth of the economy and to redeem the social debt.

In view of the people's express and massive support for the Real Plan, my administration is, from its very origin, absolutely committed to safeguarding economic stability and the national currency.

I believe this is the essence of the mandate entrusted to the vast majority of the recently-elected governors, senators and deputies. Both those who supported the Real Plan and those who did not support it were responsive to the people's enthusiasm over the implementation of a strong currency and have decided to safeguard it by all means available. I trust I will enjoy the support of Congress and state governments to fulfill this commitment.

I will be supported by the same economic team, reinforced by equally competent and dedicated cadres. With their support, with these assistants in the economic sector and the cooperation of the entire government—about which I will be adamant because this is not an individual program but that of an entire government and the president—I will be relentless in upholding fiscal and monetary discipline, which is the basis for economic stability.

The agenda to achieve the modernization of the government cannot be compared in any way to the old development model based on the burdensome intervention of the state either through expenses or the issuance of protectionist regulations.

The true behavior of the economy since the implementation of the Real Plan rejected the fallacy that it would promote a recession, as if the fiscal austerity needed to control inflation would undermine economic growth.

A continued economic growth presupposes investment rates above 20 percent of the GDP, like those in force in the 1970's. Investment growth—particularly in infrastructure—is based on confidence in the country's economic stability and the establishment of an institutional framework that will allow private enterprise to fully exercise its creative talent. Within this framework, we must mention the increasing independence of the Central Bank in its capacity as guardian of the currency's stability.

Moreover, the enforcement of a true economic and social democracy presupposes that the state's action would effectively concentrate on less organized or disorganized majority groups: consumers, taxpayers, and, in particular, the poor and the destitute. To achieve these goals, we must rescue the state from the pillaging of corporatism's, quote, strategic interests, unquote, and exclusive, quote, social conquests, unquote. In other words, we must rescue the state from the privileges that distort the distribution of wealth.

Both the resumption of economic growth and the redemption of the social debt are aimed at launching a decisive attack on public expenses alloted only to support corporative arrangements.

The media recently reported that I am apparently excessively zealous of my personal expenses. Those senators who know me well know that this is an undeserved praise—it is all the opposition's doing. Nevertheless, I will do everything to honor this reputation in everything dealing with public expenses.

The expansion of the economic stability program also demands the implementation of new measures to achieve the de-indexation of the economy. The future administration will be entrusted with this task by adopting the proper safeguards without gimmicks or confiscations, but with great determination.

Another false notion that has been denied by the facts is the idea that economic stability would be achieved at the expense of a salary squeeze. In truth, instead of a salary squeeze, what we are witnessing since the enforcement of the Real Plan is an obvious recovery of the salary of the middle class, of the salary mass, and an increase in consumption on the part of the poorer social stratum.

In view of the curbing of the inflation rate that has allowed the poor to eat a little more bread or noodles in the last six months, wheat imports have increased by 1 million metric tons in comparison to the 7 metric tons of wheat we imported in 1993.

In view of this, we are appalled that union leaders and politicians who allegedly are defending the workers' interests have nothing better to propose at this stage than the reimplementation of the indexation of the monthly salary, as if the carousel of prices and salaries has not vastly proven its uselessness in safeguarding the purchasing power of wage earners. Since the repeal of the already mentioned law in 1984, there have been numerous efforts to improve salaries through nominal increases, but the inflation rate has always been more expeditious than the legislators' will. We cannot return to the same subterfuges of the past. Instead, we must take the opportunity to effectively achieve a more fair society and a fair distribution of income.

At this point, the economic stability policy comes to another item on the agenda of the new development model. We are striving to implement the opening of Brazil's economy, including the financial and services sectors, and their integration into the international market.

In 1990, when the commercial opening acquired speed with the abolition of many non-tariff barriers and the implementation of the timetable for the decrease of import tariffs, there were those who predicted the bankruptcy of Brazilian industry.

Instead, we have witnessed the growth of Brazilian industry. Despite high inflation rates which virtually made access to bank credits unviable, industries of all kinds and sizes responded to the challenge of the commercial opening with great enthusiasm. They restructured themselves, they modernized themselves at the technological and managerial levels, and have markedly improved their production and quality.

A good indicator of this dynamism is the fact that nearly 500 Brazilian companies have been awarded the international quality certificate: ISO [International Standards Organization] 9000. Our neighboring countries only have 100 companies that have been awarded these certificates, and Brazil already has more than 500 companies that can boast of having the ISO 9000 certificate.

But the crucial indicator, of course, is the performance of our exports, which increased by more than 14 percent in the past three years. By the end of 1994 exports will have increased by 13 percent in comparison with 1993, which, by the way, was a year in which exports increased considerably.

The commitments Brazil has assumed recently during the Summit of the Americas in Miami lead to a hemispheric free trade zone by 2005, hardly 10 years from now. The Mercosur [Common Market of the South] will operating within a customs unity as of 1 January 1995, and the agreements of cooperation among the Latin American countries, the Free Trade Area of the Americas, FTAA, are being rapidly defined.

Integration into the international market presupposes the maintenance of the climbing trend of our exports. Now, upon my return from the Summit of the Americas, I wanted to take this opportunity to inform the Senate of my feeling of apprehension as I observe that tomorrow has begun now. I realize that our country is not totally aware of the enormous effort we will have to make in order to reach 2005 with real, effective conditions of competitiveness.

From now on it is clear that our motto will have to be: Export more to import more. This must be so, but not to produce enormous trade balance surpluses or to accumulate reserves greater than the $43 billion we have deposited in the international banks.

In the past it was essential to maintain high reserves. Senator Jose Sarney, who has been president of the Republic and who lived through unparalleled difficulties because he did not have the political support we currently have, knows the importance of having a high level of hard currency reserves, like the one we currently have, because that is what gives us freedom to negotiate a foreign debt agreement without having to submit a letter of intent to the IMF. Brazil has been the only country to do this; no other country has done this before. Brazil has been the only capitalist country that negotiated a large debt without needing to be monitored by the IMF—because we had the necessary condition, that is, the reserves, that allowed us make the appropriate and daring decisions we had to make during the debt negotiations.

Now that we have accumulated so much reserves, we can begin this new phase of integrating into the international economy without worrying about increasing them, although we must worry about maintaining them, because their maintenance cost is very high.

Therefore, export to import will be the rule for our new growth cycle. We must import equipment and inputs to accelerate the modernization and expansion of our industry, farming, and domestic services. We must also import consumer goods, by maintaining moderate import taxes so as to make domestic prices match international prices.

In this manner, the profits stemming from productivity will be distributed throughout the entire society. It must be clear that this mechanism will allow society to benefit from the profits of productivity. If we do not have an external price reference, our profits from productivity will help concentrate wealth among a group without benefiting the entire society. That is how growth and distribution of wealth are combined in mature capitalist economies.

Within this framework, the government must be alert in order not to affect the performance of our exports and our domestic supply through an artificial dollar exchange rate. The government must also be alert and well prepared to react fast to dumping attempts and other illegal trade practices.

The government must be prepared to encourage technological development which is necessary for our industries. It must be prepared to finance development with interest rates compatible with international interest rates. The first step has been taken through the National Bank for Economic and Social Development [BNDES]. More measures will have to be adopted with this same purpose.

Under no conditions will the government give in to pressures that may end by reinstating protectionism through the reindexation of the exchange rate and an equally artificial depreciation of the real.

The U.S. dollar should never again be used as a yardstick for domestic prices, therefore, we should seek to improve the competitivity of our exports through measures consistent with the stabilization policy and the strategy for economic opening. These measures should, on the one hand, stimulate the companies to improve their productivity, and, on the other hand, improve the efficiency of the overall economic system by reducing the so-called Brazil-cost [custo-Brazil], that is, the enormous additional cost of producing goods in Brazil stemming from poor highways, inefficient port facilities, inappropriate taxes, poorly trained and paid manpower, and many other items which, individually, may not seem too serious but which, taken together, undermine the system and increase the so-called Brazil-cost. Within the framework of the contemporary economy, if we do not take into account the cost of other economies in the world, we are not really interested in changing the course of our country.

The measures for the attainment of this objective are many; they range from eliminating taxes that hamper exports to the improvement of highways, transportation, and ports that are in such poor state that they increase the cost of domestic production. This leads us to two other key items on the reform agenda.

One of these items is the new relationship between the state and private business. In the new stage of development, private business, rather than the state, will be the driving force of productive activities.

I have said it many times, but will do so once again: The above does not mean that the state will not play a significant role in the country's development. The state will continue to play a key role, but of a different nature. The productive role of the state will be de-emphasized and the regulatory role will take precedence. This will not mean that the state will spew forth rules and special favors left and right; rather, it will seek to create the institutional structure that will guarantee the effectiveness of the system of relative prices, thus stimulating private investment in productive activities.

Therefore, instead of playing the role of the market, the state will seek to guarantee the success of market rules as the most appropriate regulatory mechanism. Cheap manpower and raw materials are no longer significant comparative advantages on the world market. The edge is given by the overall productive and marketing efficiency of each country.

Brazil must provide for its domestic industry conditions similar to those its foreign competitors enjoy. To accomplish this, we will have to review the tax system and the rules and regulations that apply to labor and capital. It is not fair to ask for improved competitiveness and lower import taxes without creating at the same time conditions that can help the domestic productive apparatus become efficient.

Economic opening implies the elimination of anachronistic restrictions on foreign investments, and the drawing up of clear rules for the flow of capital into and out of the country.

We will also have to tear down long-standing regulations designed to provide blanket protection for certain sectors. By eliminating this red tape that dates back to the beginning of Brazil's industrialization, we will enormously increase the effectiveness of the Brazilian economy, because it will reduce production costs and the costs of the economic policy for the administration, which is currently overburdened by subsidies and the expense of managing a huge amount of red tape. In the end, it will mean lower prices for domestic consumers and exports.

Furthermore, now that inflation is under control, the financial system will be able to resume its basic mission, which is to attract foreign and domestic markets and to effectively use this to finance productive activities.

The measures aimed at reducing what I have called the Brazil-cost must, therefore, come together with the reduction of domestic interest rates to the international levels. We are reaching the point where this will be possible. The reorganization of our economy has taken time and finally we are begnning to see the light at the end of the tunnel; additionally, there are no obstacles on the way toward the attainment of this objective.

All this should be accomplished without losing sight of the main objective: the firm commitment to the industrialization of the Brazilian economy and to development of the technological basis for this industrialization.

I cannot picture this country in any way other than one capable of creating jobs, having a flourishing industry and a prosperous agriculture, and capable of coexisting with the international community.

This transformation will not be made at the expense of productive activities. But neither will inefficient productive activities be maintained at the expense of people's sacrifices.

The fourth point I would like to stress is the creation of an economic and social infrastructure for the new development model.

In this era of global competition, successful countries try to accumulate two kinds of assets. These assets are characterized by low international mobility and high value when comparing relative advantages. They are: energy infrastructure; transport; communications; and what, in my opinion, inaccurately is called human resources.

If we are not capable of thinking in terms of a larger Brazil, envisioning a future with goals capable of motivating the country and permitting us to again believe we are able to implement a number of actions in the area of infrastructure, while at the same time, improving education, health, and human conditions, our efforts to export or stabilize the currency will have no purpose because we will not be implementing the goal of a great nation such as the Brazilian nation.

Brazil's investment in economic infrastructure should make cost reductions and production increases for the internal market possible, but it should also take into account foreign trade's possible expansion. Part of this investment will be financed by the state. The recovery of public savings is essential for this purpose, but the state partnership with private capital will be decisive.

The privatization process must be accelerated and extended to other activities and companies in the areas of energy, transportation, telecommunications, and mining, and we should maintain the criteria of clarity and appreciation of public properties. The privatization council must be enlarged.

We must sell companies that are directly or indirectly controlled by the national government. This is already being done.

We must sell the federal government ownership of minority packages of shares, assets that are not used, and other assets in similar situations.

I have no doubt that this process will be carried out within the parameters defined by Congress and under its supervision. I have no doubt that the privatization process will increase the general efficiency of the economy. This process must be accompanied—I will be carefully monitoring this—by a strengthening of the powers of the public authority responsible for regulating and supervising each sector. Today, government organs responsible for supervising state companies are, in turn, supervised by these public authorities.

The truth is that these state companies and the agencies supervising them move in a gray zone where neither the logic of good entrepreneurial performance nor the public interest prevail. Both organs end up trampled by undue political interests, spurious concessions to private interests, or corporate lobbies.

It is necessary to separate both functions, that is, public authorities and companies, to strengthen each. Companies should be given autonomy to administrate, within clear parameters of social interests. This is applicable to privatized companies as well as to companies that remain under state control.

In my opinion, it is very important that we understand that we will not have correct privatizations unless the public authority is strengthened. The private-state dichotomy does not exist. What we need is to reinforce the notion of public interest. The notion of public interest must encompass both kinds of companies. The two must serve the public interest. The government must make sure that the authority has the ability and capacity to guarantee the satisfaction of the public interest.

We cannot have a correct privatization process unless it is preceded by very clear rules defining the public interest and who will control companies' performance, including the performance of companies that remain in state hands as well as privatized companies. There are many examples of successful and badly managed privatization processes in England, Chile, and Argentina. There is no reason why we should follow the path of privatizations that failed. We have in front of us the road of successful privatizations, which are precisely those that have preserved a strong public authority. This has permitted the granting of concessions and privatizations in calmness, with clarity, and taking into account the country's interests.

Let us not waste time with theoretical considerations regarding the state's participation in the economy. The most important reasons to go ahead with the privatization process do not consider only administrative efficiency, because many state companies are administered very well.

The problem also has a fiscal aspect. At issue is the reduction of the public debt. The benefits resulting from the recovery of public savings must not be annulled by the cost of past poor savings, that is, by the payment of interest.

There is a direct and indirect burden of dozens and dozens of billions of dollars in debts on the federal treasury as a consequence of the lack of fiscal discipline of the past few years. Some people have put this debt at 200 billion do.... [Cardoso corrects himself] I mean 200 billion reals.

Senators are well aware of the difficulties facing states. In order to pay off this federal and state debt, we must unquestionably sell public owned assets. It is also very important to share with private capital the responsibility for the huge investments needed to expand our economic infrastructure.

According to a conservative estimate on the economic growth, Brazil will have to invest R [real] 20 billion per year during the next four years to avoid shortages in the energy, transportation, and telecommunication fields. And $20 billion [dollars as heard] is a modest amount of money compared to what Brazil really needs to invest to take a great step forward in these areas. The state does not have this money and, as we all well know, society refuses to pay more taxes. On many occasions society has expressed its unrest over this permanent greed for more taxes but, on the other hand, we need to make investments. But if the state is unable to collect more resources and needs to continue investing, either the investments are made by the private sector or the entire country pays for them through inflation. Moreover, the society will not benefit from the result of these changes because they will be carried out in a disorderly manner. Very few partnerships would be established because inflation would undermine the people's faith in the country. Therefore, solving the budget problem is not a matter of merely making public administration more efficient. The problem is not a mere fiscal.... [Cardoso corrects himself] sorry, a treasury shortage of resources. The problem lies in the need to expand the enterprises and Brazil's economic infrastructe through vigorous investment.

The public sector alone is unable to finance this volume of investment. The new development model has other priorities in which the improvement of the fiscal situation must be invested. I am clearly referring to the social policies. As everyone here knows, we cannot permanently be almost without any resources for social projects, and the resources we do have, at least the great majority, must be earmarked for investments that private enterprises could, should, and must make rather than continuing to drain the treasury even more, thus preventing it from financing the social policies more efficiently.

Partnership with the private sector in the economic infrastructure makes room for the state to invest more in the essential fields of health, education, culture, and safety. In sum, it will allow Brazil to invest more in its people, the greatest strategic asset of any country. I would add that it must not forget technology, without which Brazil would have no chance of moving into the new millennium with determination. In our case, this task goes hand in hand with the moral need to include in the development process the millions of people excluded by misery.

In the social field there is also a gray area between the public and private sectors. I am talking about the gray area of patronage and corruption where all the resources and so many good intentions have gone astray. Therefore, partnership with the community is essential for the success of social policies. There are many representatives of the Northeastern Region here. They know that during the last drought—which was dramatic—when the federal, state, and municipal administrations went to the aid of millions of Brazilians affected by this phenomenon, we not only experienced the greatest shipment of foodstuffs to this region, as well as of financial resources. The efficient use of this aid was safeguarded by the growing participation of local communities, churches, labor unions, and city halls in an effort highlighted by cooperation and partnership between the state and the society. This is why a partnership is so important—not because the community can take the state's place, but because it is necessary to make these actions efficient by pinpointing what the true priorities are, by supervising the use of the resources, and by directly participating in the execution of projects.

What are now known as NGO's, non-governmental organizations, have already proven effective in their campaign to preserve the environment. Quite the opposite of being a threat to the state sovereignty, we must regard them as NGO organizations. NGO members probably do not like to be called members of non-governmental organizations but, in my capacity as a sociologist, I would say that this is what they are. The NGO's have become a form of relationship between the society and the state, in which the civil society many a time confronts the state aggressively. The state has to defend itself and is wary of them, but as time goes by, they become instruments of the public administration which, in turn, is also infiltrated by the civil society. Like anything new, at the beginning the NGO's make an impact and prompt a negative reaction, but as time goes by, one realizes what they are about and comes to understand that they are part of our modern society.

Why not delve further into this experience, and widely engage the NGO's in the fight against misery? This past year we have witnessed the enormous efforts in this regard by the Consea [Food Security Council] in the nutritional program, which yielded quite significant results. Why not adopt the same model, and perfect it? Why not recognize the system so that, in conjunction with the state, the NGO's can become new agents in the new development model, which can be sustainable from the ethical, social, and ecological point of view?

The state must reorganize itself to implement this partnership. We have already taken the first step to reorganize it: the decentralization of the state. We have established in the Constitution that it is up to municipal governments to offer public services at the local level. We only need to implement this principle. Decentralization and partnership with the community will be, therefore, the main guidelines of the future administration to achieve universal access to good quality health services and basic education.

These are also the basic principles of the Solidarity Community Program. I hope that the breaking up and allotment of resources will result in the interaction of the different ministries, state governments, municipalities, and NGO's in the most impoverished areas.

In sum, we are talking about the achievement of macroeconomic stability based on fiscal and monetary discipline through the continued implementation of the Real Plan; the integration of the Brazilian economy into the international market; the prioritizing of the actions of private enterprise in production, with the backing of state-sponsored regulations; and the implementation of a modern economic and social infrastructure through the establishment of new partnerships between the state, enterprises, and the community.

These, I believe, are the basic points of the reform that lies ahead, so that the resumption of growth we have experienced in the past two years may in fact be the start of a long-lasting new cycle.

Mr. President, Messrs. Senators, a president, even a president-elect, should not make conjectures about political risks. At least not in public. One always runs the risk that this mere conjecture, mere supposition, is announced as certain disaster in the next day's news.

If I am allowed to break this rule only once before subjecting myself to the rigors of the presidential rituals, I would say that the greatest risk that Brazil runs today is the risk of success.

A succession of positive events—the victory over inflation, the resumption of growth, the holding of elections, and even having conquered the fourth world soccer cup championship—has led the country to a feeling of relief, and prompted a feeling of self- confidence. This in itself is excellent. The danger lies in that this respite may prompt Brazilian society to lower its guard before the existing problems, which are by no means small.

Forgive me for not going into detail about the horrors of a social situation about which you are well aware, and which is the cause of much anguish for you and for me. This situation will not resolve itself simply because of the resumption of growth. This is something all of us must be well aware of. What will be the fate of the millions of illiterate or semi-illiterate adults who cannot be hired by industry, the service companies, or even modern agriculture? Can their children at least hope to have a better life? Economic stability, and with it the chances to achieve sustainable growth, is not guaranteed.

The Emergency Social Fund, which is the fiscal basis for stability, is a temporary arrangement. Let me point out that I used the word arrangement. All of us are aware that it is only in force until December 1995. If it is not replaced by permanent measures, the precarious fiscal balance, or the controlled imbalance, as [Social Action Minister Sergio] Cutolo refers to it, we will be faced with an open imbalance in 1996.

I have always clearly stated that the Real Plan is just what it is: a mere first step to implementing changes, and a bridge leading to structural reforms—and this year we lost the opportunity to implement them.

Excuse me for stating the obvious: It is not a strong currency that makes a country. It is the country that makes a strong currency.

Brazil is in a hurry to be strong. We, its leaders, have a term—a limited term at that—to adopt those measures that will safeguard the continuity of economic stability and lay the groundwork for the implementation of a new development cycle.

The people, who today are exploring a reconciliation with power, will be inflexible with us tomorrow if they suffer another disillusionment.

As chief of state, I am aware that I will be the one responsible for heading the reforms in the next four years. Despite the fact that the reform agenda was not drafted by me, because I did not design it, I defended them in the presidential campaign. It will, therefore, be demanded that I achieve the first results.

I am aware that in the spirit of the presidential system of government it will be up to me to promote the congressional discussion of the necessary legislative measures to implement these reforms.

I intend to perform this role with great dedication, imbued with democratic spirit, loyal to my congressional roots, and observing strict respect for the sovereignty of the legislature. I propose that we resume this effort, from where we left the constitutional revision process, so that we might remove from the 1988 Constitution those knots that are tying the Brazilian state to old models, along with some improper provisions that we, the constituent congressmen, added on our own.

I am not bringing up any surprise in this area, either. Despite the disappointing results, the constitutional revision process was instrumental in placing the alternatives pertaining to each significant issue on the negotiating table. At this point it is more a matter of coordinating the needed political decisions to deliberate, rather than introducing new ideas. Since my election I have worked in this coordinating effort. As a matter of fact, I started to do that even before my election, when I was seeking alliances to obtain greater political support for my candidacy. I am grateful for the support I have received from so many parties.

I will submit to Congress in February of next year a package of amendments that had been proposed earlier by the Itamar Franco administration, and alternatives that had been discussed within the framework of the Constituent Congress. Let me clarify here the objective of some of these proposals, starting with two issues which, in my opinion, are the most pressing ones: fiscal reform and economic order.

The fiscal system established by the 1988 Constitution is economically inefficient, socially unfair, and essentially inclined to bringing about deficits. The schedule we should follow to correct these distortions include provisions in the tax system; the distribution of jurisdictions among the federal, state, and municipal governments; the federal budget; and social security.

I believe that the fiscal reform required by the country should not seek to increase the nominal tax burden, but rather to facilitate collection, economic efficiency, and social fairness. This reform will not only entail changes in the Constitution. Much can and should be done, too, through additional, regular laws and even through Senate resolutions.

The reform also requires a sense of cooperation by the state governments, which are responsible for the country's most important tax in terms of revenues: the ICMS [Goods and Services Movement Tax]. In order to promote economic efficiency and competitiveness, it will thus be essential to reduce the burden on productive investments and on exports. To promote employment and social justice, we should reduce taxes affecting salaries and basic food.

To promote the reduction of tax collection and to fight tax evasion, we should eliminate some taxes and integrate the collection mechanisms of the federal government with those of the state and municipal governments.

Although it will be difficult to reconcile the various proposals for reform, I do not view it as an impossible task. Much progress was made in this respect regarding some proposals during the constitutional revision process. It is my intention to send one of these proposals, or a combination of them, to Congress on 15 February to serve as a basis for resuming the discussion of this subject.

Upon designing the tax system we want, it would be much wiser to make a gradual transition, evaluating the effect of such changes every step of the way and correcting possible errors regarding their impact on revenues. We do know, however, that it is much more difficult and time consuming to correct errors made in the Constitution than those made in regular laws.

As in many other areas, the ideal move here would be to streamline the Constitution, leaving the detailed implementation of the tax system to supplementary or ordinary laws. I am raising this topic again because, in my opinion, it makes no sense to include the entire tax system of a country in the Constitution. The Constitution should include the guiding principles; and the division of jurisdiction among the federal, state, and municipal governments. There is no other known case in today's world of a Constitution including everything.

The tax reform should not bring changes to the distribution of revenues among the federal, state, and municipal governments. We are not trying to recreate a greedy federal government. A return to the situation prevailing before the approval of the 1988 Constitution is, in my opinion, out of the question.

The constituent delegates made the right choice by promoting the financial and administrative decentralization of the Brazilian state. What we are trying to do is to give continuity to that choice. Instead of concentrating resources again, we are trying to set up a more balanced division of jurisdictions.

I mentioned earlier that the general principle of decentralization is already included in the Constitution. The federal government should exclusively exercise coordinating functions and be responsible for actions that are clearly of national interest. State and municipal governments will be responsible for the implementation and financial management of services of local and regional interest.

What appears to be simple and logical as a general rule raises enormous difficulties at the time of distributing duties. This happens first because of the ambiguity of the Constitution, ambiguities that we could eliminate now. There are, however, difficulties that are not raised by the Constitution, but by our social and political reality. These difficulties stem from the enormous heterogeneity of our country, as well from the political patronage based on a discretional distribution of federal funds.

Political patronage can almost be considered a turned page in Brazilian politics. I will do my best to once and for all to leave it in the past. Political patronage may survive as a local reality, but I do not believe it will have the drive to continue to set the tone of federal government's relations. In this regard, the CPI [Congressional Investigating Committee] on the budget has already performed an autopsy on the political patronage policy.

Decentralization must take into account the fact that this is a socially and economically heterogeneous country.

For instance, there are many municipalities—perhaps this is true of most of them—that are prepared to assume full responsibility for managing basic educational and health services. They merely expect clear guidelines and deadlines for the transfer of federal and state funds—which must also be transferred in an established period of time. Other municipal governments, especially those of poor districts, still need a more direct, active role by both the federal and state governments.

The Constitution must therefore clearly provide for decentralization, but giving the necessary leeway for the transfer of duties to take into account the specific situations of each municipality, and of the state governments themselves.

As in most of my undertakings, I do not want to take a doctrinaire position on this. The principle concerning decentralization, the transfer of duties and the transfer of funds is correct. Yet reality forces us to face a heterogeneous situation. It would be to no avail to have everything clearly outlined on paper if some municipal governments are physically incapable of discharging some duties, if they are even unable to organize their personnel, thus requiring more direct action by the federal or state governments.

We must take into account our heterogeneity. We are not here just to build legally perfect frameworks, but to bring about transformation in Brazil.

The main problem affecting the federal budget rests with the restrictions imposed upon federal spending. In addition to increasing the funds the federal government must automatically transfer to state and municipal governments, the 1988 Constitution either created or adopted so many attached revenues and fiscal exemptions that it reduced to virtually nil the freedom of the federal government and of Congress itself to set priorities regarding public spending.

As I adequately demonstrated when we discussed the Social Emergency Fund, the Constitution virtually gives no discretionary power to the executive branch or to Congress regarding the federal budget, because everything has already been earmarked for specific purposes.

As finance minister, I experienced and shared with Congress the anguish of having to reconcile more than legitimate social demands with the extremely narrow leeway left by those attached and fixed expenses such as salaries and social security. I would not even wish my enemies to have this kind of experience.

We could continue to sidestep this problem by fueling inflation into our expenditures, which is what we used to do. A solution to this problem was found in recent decades through the invaluable aid inflation was giving to the implementation of the federal budget. To use this procedure would mean, however, to give up our goal of bringing inflation under control. If we wish to control inflation—and we do—we should take different measures on the tax and budget level so that we may act consistently with the new reality we are experiencing.

To address this problem entails removing the strings attached to public spending by eliminating attached revenues from the Constitution, except for very special cases. Similarly, we must strengthen adequate instruments for planning expenditures already established in the Constitution; that is, the multiyear investment plan, the law on budget guidelines, and the annual budget.

The Constitution already provides for all these instruments. Only by implementing them consistently will we—the executive branch and the legislature—be able to make an adequate distribution of those resources without facing constitutional restrictions.

Finally, the fiscal chapter also includes the social security issue. I will spare you, gentlemen, from hearing a diagnosis with which you are already familiarized. I will go right to the fundamental issue: Our social security system is experiencing a serious structural imbalance. The contributor-beneficiary ratio, which today stands at two to one, is likely to drop even more in the next few years. There will be more retirees and beneficiaries than contributors at work. If the current rules are maintained, we will face the prospect of growing deficits, even assuming that contingent factors—such as level of economic activity, efficiency in managing the system, or the fight against fraud and evasion—will improve. Even assuming all this will happen, the structural imbalance will continue in our social security system.

Because these deficits must be covered by the Treasury, imbalances in the social security accounts will automatically affect the federal budget. A lasting fiscal balance would be unthinkable under these conditions. Likewise, it would be unthinkable to carry out a real increase of minimum salaries as long as minimum social security benefits are linked to the minimum salary.

It would be possible to undo this knot through revenue measures. I see no way, however, of undoing it without correcting the distortions of the system in terms of distribution of benefits.

In this respect, the exclusive prevalence of the length of service factor—perhaps the only case in the world—creates a social and financial distortion that will markedly worsen in the next few years because people are retiring increasingly younger and their life expectancy is rising.

It will be necessary to change retirement requirements so that they combine time in service and minimum age. Congress, especially the Chamber of Deputies, has already debated this issue in depth.

At this point I would like to state the obvious: All these changes will not apply to current pensioners and retirees. Their acquired rights will be protected.

Furthermore, there will be transition rules that will protect those who expect to acquire certain rights, on the basis of the time the workers will have to serve at that point before they can retire under the current regulations. I would like to make a point of this, because whenever there is something that has to do with social security the immediate exaggerated and inaccurate reaction is that the pensioners will lose out once again, and that those who are getting ready to enjoy certain benefits will lose out as well. If we do not change the system, everyone will lose out, because if the system goes bankrupt, everyone loses out. As there is still time, we can make changes without taking away benefits or disappointing those who are expecting to acquire them. We must do something while there is still time, which means that we need to tackle this issue soon.

That is not all we have to correct as far as pensions go. What moral authority would we have to amend the general rules on retirement for time in service without also changing the rules of retirement for special public services, judges, congressmen, and university professors? This applies to myself on two counts, as I am a congressman and a professor.

Early or double retirements for special public services obtained by serving in one post while on temporary leave from another, or by counting twice simultaneous service at two public posts, have gotten to the point that the Federal Government is spending a large portion of its allocation for personal services on pensioners and retirees from public service. This situation is also largely to blame for the paradoxical fact that while personal services allocations increase, the salaries of most personnel on active duty remain low. In the 1995 budget currently in Congress, expenditures on personal services in constant values have practically doubled since 1992, and yet public servants are constantly complaining—usually rightly so—that their salaries are low. The explanation of this paradox of the government spending more and more, while employees' salaries do not go up in the same proportion, is that a growing number of employees are retiring and being replaced by new hires. Thus spending on personal services grows because there are more people drawing salaries, not because each employee is getting more money.

The reform of the retirement system must therefore include the establishment of a truly single system of social security, which will establish a ceiling for benefits that is compatible with the system's ability to fund itself over the long term. Incentives must also be provided to induce people to take on additional private or public pension plans.

I am aware that this is an irksome issue. It is better, however, to deal with it now while it is still possible to come up with transitional approaches that will protect acquired rights. Doing nothing at this point would in fact be tantamount to contributing to the implosion of the system.

I would now like to switch from fiscal issues to economic issues, and address two of them: how to treat foreign capital and what to do with state monopolies.

The 1988 Constitution went against history as far as foreign capital was concerned. While the entire world—including the socialist countries—were trying to entice it, acknowledging it to be a key factor for development, Brazil levied unprecedented restrictions on its participation in the country's economy.

It is truly remarkable how most Constituent Assembly members, both from the right and from the left, followed the same old- fashioned approach by which foreign capital was either an obstacle for national development or preyed on the country through trusts. Many of us voted for these restrictive measures in 1988.

History played one of its tricks on us: As soon as the new Constitution was approved, criticism of this old-fashioned approach began to crop up all over the country.

I believe that the time has come to put an end to inappropriate restrictions, reviewing measures that prevent foreign capital from helping to provide the investments necessary to fuel energy production and mining, and eliminating the rhetorical rather than practical, but still discriminatory, distinction between a "Brazilian company" and a "wholly-Brazilian-owned company," which was almost approved when the Constitution was reviewed.

The very same old-fashioned approach that led to discrimination against foreign capital led us to include in the Constitution a provision institutionalizing the state oil monopoly, which had been in effect since 1954, and also giving the state a monopoly over telecommunications and piped gas.

Justified in the name of national "strategic interests"—as if private exploitation were a door open to anti-national objectives—the government monopoly runs another risk: that of protecting the corporate privileges of spurious associations with private interests, and constituting an obstacle to investments that are necessary for essential infrastructure areas.

I defend a more flexible approach to the government monopolies, so as to allow partnerships with private enterprise and investments to expand the mentioned fields.

The agenda to modernize the country, as I understand it, necessarily requires other constitutional reforms. Before I continue, I want to reassert my point of view on this subject, which requires a clear position. Certain constitutional provisions are no longer compatible with technological development. If you will allow me to give a simple example, Mr. President: While I was in Miami, in my hotel room I had a television set linked to a 30 or 40 cm wide dish that received 1,000 television signals from over the entire world. If you were watching a film in a certain language, and wished to listen to it in another language, you could change it through a code system, given that the film was being shown on several channels in different languages.

Any person on any part of the planet could take advantage of such technological advances. We could do so in Brazil, where we think we have a monopoly on telecommunications. Nowadays, one speaks on the phone without knowing what telephone company one is using. A cellular telephone service, which is in fashion now in Brazil, with phones that ring at any time anywhere, as happens here in the Senate, exists without having a constitutional rule determining whether it can be used or not.

We are very much behind the times. I repeat: To adopt a more flexible approach to government monopolies does not mean that we should give up their control and supervision. It does not mean that the government should withdraw and forget research, the great means of communications, the great means of electricity transmission, which must perhaps be maintained under government jurisdiction. It does not mean a drastic change. It means adapting to a more flexible approach that is necessary for the country.

The agenda for modernizing the country, as I understand it, necessarily requires other constitutional reforms: the rights and obligations of the public servants, labor relations, trade union organization, judicial branch organization, and so forth. I cannot refer to each subject now, but I will eventually express the government opinion on them through the amendment proposals I will send to Congress.

Last but not least, modernization requires a political reform, especially in the electoral system. By the way, there is in the Senate a bill I drafted that seeks to make the constitutional principle of proportional representation compatible with the district votes in the case of elections for deputies. This proposal is similar to the German mixed voting system. I recall that my bill was approved by the Constitution and Justice Committee, and honored with the approval of Senator Josaphat Marinho.

I am not going to expand any further on these subjects, Mr. President, because of time limitations. I will not forget about them. In my message to Congress in February, I will specify each of these subjects in my constitutional amendment proposals. But I wanted to take this opportunity, now that we are in the Senate, while I still have the honor of addressing you as a senator, to inform my congressional colleagues and friends of the basic guidelines that I think are of national relevance.

I will conclude my speech with a few comments on an essential subject, which is the political treatment of the constitutional reforms. Fewer changes to the Constitution are possible through the constitutional amendment process than through the approval of the amendments by absolute majority in a joint congressional session. I would appreciate formulas that would allow Congress to accelerate the approval of the amendments.

I hereby clarify, in order to avoid repeating the misunderstanding that took place the last time I mentioned this subject, that I do not mean to reduce the quorum. I am thinking of legal solutions, such as holding simultaneous committee or plenary meetings, that is, mechanisms that are the fruit of the political imagination that the Senate and Chamber of Deputies have never lacked. I mean a legal mechanism that will allow the acceleration of the reforms, respecting the constitutional rules. I mean this as long as it does not lead to a paralyzing discussion over the procedures, to the detriment of possible agreements on the constitutional reforms.

Despite the fact that we know that there will be difficulties, we should not narrow the scope of our debate in advance. It is better to aim high at the beginning, to give society and the political forces a clear picture of our goals—that is why I brought up so many issues today—and of the degree of urgency of each proposal, so that the debates can be spread out over time and not clog up the congressional agenda.

I must insist that Brazil is in a hurry, and that there is a deadline for making the necessary changes. Our haste, however, should not prompt us to violate the law or to trample over those who have a right to oppose some of the proposed reforms.

A political steamroller should not be used to either write or amend the Constitution. A constitution must epitomize the nation's most deep-rooted values, not the unilateral will of a temporary majority. Even though my administration may have—and I hope it will—an overwhelming majority in Congress, this majority will be neither arrogant nor act as a steamroller. Rather, it will act from a conviction that it is doing what is in the best interests of the nation, as can be seen even now in their presentations, and I am sure that all congressmen will react positively to this.

Any discussion of constitutional amendments should, therefore, be based on the desire to return the Constitution to its natural course of general and permanent rules.

Excess details in the 1988 Constitution had the undesirable effect of depoliticizing issues and making decisions debatable. Issues that could be better dealt with through regular laws or a government program, once set in stone in the Constitution, are left outside the normal political process.

This has terrible consequences, especially for the national Treasury. What happens when a rigid constitutional provision clashes with the ups and downs of the national Treasury?

The judges must rule according to the law. It is up to the elected leaders to write the laws and amend them to suit the conditions prevailing in the country. When the Constitution denies us this flexibility, then all of us judges and leaders end up facing the same cruel dilemma of making a kind of "Sophie's choice" between law and fiscal discipline.

A rigid constitution, on the other hand, aggravates the risks entailed in modifying complex norms like the taxation system.

Take away from the Constitution everything that can be taken away. The basic criteria in debating the constitutional amendments should therefore be what to take away from the Constitution. The person who is telling you this here, Mr. President and senators, is a former Constituent Assembly member, a former alternate rapporteur, a former alternate Systematization Committee president to my eminent friend, Senator Jarbas Passarinho. The person who is telling you this here is a true defender of the 1988 Constitution, the democratic contents of which I continue to defend.

But experience has taught us. With the distress of emerging from an authoritarian regime in 1988 we wanted to fill the Constitution with guarantees. We thought that by including in the Constitution so many subjects we were preserving our rights, which was correct, but who knows—and now I again look at Senator Jose Sarney—if we did not perhaps commit an exaggeration in our effort to draft the Constitution.

Now that we have returned to democratic normalcy and the transition has ended, the people may again trust in the law. Everything must not depend on the Constitution, because the law will be the main guarantee, and Congress will be the best judge of what can or cannot be changed, and of the progress that can be made, instead of being either forced to hurry up and disobey the Constitution or forced to a slower pace in respect for the Constitution. I therefore believe it is necessary to make an effort to take away from the Constitution that which does not need to be regulated by the Constitution.

The patient quest for consensus that I am advocating does not mean giving up the obligation to make a decision. In order to engage in a real dialogue, and not in obstructive rhetorical discussions, it is necessary that the majority get organized and say what it wants, though respecting the minority.

Brazil is in a hurry, not to obtain miraculous results, but to feel that we are following a determined direction and that we are taking steps toward it.

It is our obligation, that of the president and of the congressional majority, to point the way to that direction and adopt the corresponding measures, without pressuring but with decidedness.

I have always said that the stabilization of the economy is a process of continuous actions that have nothing to do with defeating inflation with a single shot.

That is how I also face the agenda of national structural reforms: as a continuous process that demands as much effort and enthusiasm as a long distance race, rather than as a 100-meter race.

Brazil needs both changes and continuity. It needs continuity in changes; that is, changes with continuity. This has been the trademark of the transition process led by the administration of President Itamar Franco and I want this also to be the trademark of my future administration: To make changes all the time; to make changes with conviction; to make changes through dialogue, but with conviction and resolve; to make changes without surprises, making sure that the public is aware of them. We want to make changes through a type of leadership that would make the public confident in the step that is being taken and aware that other steps will follow until, through a continuous effort, we may truly achieve all that which is necessary to build not only a prosperous country, but one in which the people may truly have access to the benefits of prosperity.

We want the administration we are going to inaugurate on 1 January to have this same trademark regarding changes. We want nothing like the first 100 days or bombastic announcements, but rather four years of continuous progress in the direction of reforms.

Mr. President, gentlemen, I am bidding farewell to my duties as senator, but not to the Senate or to the Congress.

In another ironic turn, history has caused the first president elected since Brazilian voters chose the presidential system to be a convinced advocate of the parliamentary system. I will faithfully comply with the voters' decision in these two respects.

I will fully exercise the duties bestowed upon me by the presidential system as head of government. I will devote to this my best personal effort and will use the counsel needed to make the office of the presidency not just a symbol but an effective body in charge of coordinating government actions.

Yet, as an advocate of the parliamentary system and a soon to be former congressman, I will never stop feeling at home in this house.

I regret the fact that protocol prevents the president of the Republic from appearing in Congress as soon as I would like to, as often as I came here as a minister.

I am already envying my ministers, who will have the privilege of being able to experience with less protocol the invigorating atmophere of democratic debate and decisions.

Although protocol will be a stumbling block for me, I will take comfort in the fact that the structure of the Praca dos Tres Poderes keeps us close to one another.

I will be just a few steps away from you, with my doors and heart open to receive you, congressmen, to listen to you, and to learn from you new lessons of democracy and love of our country, just as I have done for 12 years in this house, and to share with you the difficulties and joys involved in changing this great country to make it better. Thank you, Excellencies. [applause]

Chile

Mexican Embassy Regrets Sofofa's Call for Trade Restrictions

PY1512192294 Madrid EFE in Spanish 2227 GMT 14 Dec 94

[FBIS Translated Text] Santiago, 14 Dec (EFE)—The Mexican Embassy in Chile today released a communique terming "regrettable" remarks by Pedro Lizana, chairman of the Industrial Development Association (Sofofa), who called for restrictions on imports of Mexican products.

The Sofofa president on Monday called upon the Chilean Government to implement a Central Bank measure which bans imports from countries that discriminate against Chile. This comes in response to Mexican restrictions on Chilean fishmeal.

Early in November, Mexico announced the imposition of quotas on Chilean fishmeal, under safeguard clauses included in the Economic Complementation Agreement (ACE) which both countries signed in 1991.

The Mexican Embassy communique states that Lizana's remarks are "regrettable" and that ACE does not provide for any type of trade retaliation.

The communique adds that—on the contrary—ACE was negotiated "with the clear objective of increasing bilateral cooperation and of providing economic agents with clear and predictable rules for the development of trade and investment."

It adds that each country can resort to the ACE safeguard clauses on imports when it feels imports are causing significant damage to internal production of merchandise similar to, or directly competitive with, those of the importing country.

The Mexican Embassy communique concludes by stating that officials from both countries have expressed real interest in solving the problem reported by Chilean industrialists, but always watching for "mutual benefit" through the channels indicated by ACE, without resorting to the use of "counterproductive adjectives."

Earlier this year, Mexico imposed a tariff surtax of between 2.45 and 28.4 percent on Chilean fishmeal shipments, after accepting a complaint by Mexican producers who accused Chilean industrialists of "dumping" (disloyal competition).

This restriction, which paralyzed Chilean shipments to Mexico, was lifted on 20 October by the Mexican Trade and Finance Secretariat which, after almost seven months of research, established that the problem lies in the crisis affecting the Mexican fishing industry.

In early November, however, Mexico made known its intention to impose quotas on Chilean fishmeal. On 12 November, the Mexican Government announced a new investigation into Chilean fishmeal shipments and asked Chilean companies and the executive branch for data on prices and quantities during 1993.

Finnish Foreign Minister Visits

PY1612160094 Madrid EFE in Spanish 0113 GMT 15 Dec 94

[FBIS Translated Text] Santiago, 15 Dec (EFE)—Finnish Foreign Minister Heikki Haavisto today expressed his best disposition to cooperate with and support the negotiations Chile intends to begin with the European Union (EU) to achieve a trade association with that organization.

Chilean Foreign Policy Director Carlos Klammer released this report at the Foreign Ministry at the end of the working meeting the Finnish foreign minister held with his Chilean counterpart Jose Miguel Insulza.

Klammer said that Haavisto, who began a two-day official visit to Chile today, said he understood very well that "bilateral negotiations between the EU and Chile are feasible, without the need for Chile to first be a full member of Mercosur [Common Market of the South] to discuss the customs tariff problem."

The Chilean foreign policy director stressed that this fact is "very important" and added that to a certain extent this is part of the "pressure" Chile is exerting in Europe to begin these negotiations, which are quite lengthy.

Klammer said that Finland "expressed its very good disposition to cooperate with Chile and support these negotiations because it understands our capacity for negotiating and the fact that if we are able to achieve a rapprochement, we can also achieve an association with the EU."

The Chilean Government began a negotiations process to join Mercosur (Argentina, Brazil, Paraguay, and Uruguay), the presidents of which will meet from tomorrow, 16 December, in Ouro Preto (Brazil).

Government Denies Pressure by Pinochet Over Contreras Case

PY1612212394 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 16 Dec 94

[FBIS Translated Text] The government denied today that General Augusto Pinochet is applying pressure to prevent General Manuel Contreras from going to jail over the murder of former Foreign Minister Orlando Letelier.

[Begin recording] [Unidentified reporter] One Santiago paper reported that you met with Gen. Pinochet and that there is reportedly some concern among the military leadership over the case involving Gen. Contreras.

[President Eduardo Frei] No, I held no such meeting. The only meeting was the National Security Council meeting on Wednesday which was very positive. All the commanders were extremely happy with the meeting. That is all there was.

[Reporter] Is Gen. Pinochet concerned about the Letelier case. Did he tell you anything?

[Frei] No, we didn't talk about the case.

[Minister Secretary General of Government Jose Joaquin Brunner, in progress] ...that any state institution should be concerned over judicial decisions. I would like to take this opportunity to deny categorically that the Army urged the Defense Ministry or the government to intervene in this case. I would also like to reiterate that the government has a firm position of not getting involved in judicial matters.

[Reporter] It was said there may be [words indistinct].

[Brunner] I believe one should not pay attention to rumors on this case. This is a perfectly normal trial that has been going on for a long time and we must wait for the court to decide. [end recording]

The Army auditor general admitted there is concern in the Army about the Letelier case. He thus referred to a media comment that the Army is reportedly annoyed about this case.

[Army Auditor General Fernando Torres Silva] I am not aware that the Army is annoyed: Concerned is the right word in this case. There is concern but this is very different from being annoyed, and this is not the case.

[Reporter] Is there concern perhaps over the seven-year sentence given by Judge Banados?

[Torres Silva] There is concern every time an institution sees one of its members, either on active duty or retired, affected. This is natural concern. [end recording]

Colombia

Prosecutor General Criticizes Ruling on Glyphosate Spraying

PA1712041294 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 17 Dec 94

[Report by Raul Gutierrez; from the "24 Hours" newscast]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso spoke out today against the government's decision not to spray coca crops smaller than three hectares with glyphosate. The prosecutor general disapproved of the agreement which settled the dispute with coca growers in Guaviare Department. Alfonso Valdivieso argues that every single centimeter of these crops should be sprayed with glyphosate and that setting special conditions for crops covering less than three hectares is a kind of license.

[Begin Valdivieso recording] Without a doubt, this institutes miniature land tenure for organized crime. I have no doubt that this is a mistake. The problem is not the size but the purpose of these crops and the motives behind them. [end recording]

Government Minister Horacio Serpa Uribe responded immediately. He said the agreement provides for crop substitution and manual eradication of smaller crop extensions.

[Begin Serpa recording] Not one square centimeter may be sown with illegal crops in Colombia. These smaller plantations of 1 hectare or 1.5 hectares will also be destroyed. The farmers who own these plantations have agreed not to grow coca anymore. [end recording]

Crop substitution will be awarded with the construction of roads in the area and marketing support for legal products.

Agreement Legalizes 60,000 Hectares for Coca Planting

PA1712200294 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 17 Dec 94

[From the "NTC Newscast"]

[FBIS Translated Excerpt] The unusual agreement reached between the government and Guaviare demonstrators to end their protests has legalized, in very practical terms, coca production, as long as the plantations are smaller than three hectares. Some 20,000 people will each be allowed to cultivate three hectares of coca. The numbers are clear. Colombia will now have 60,000 hectares of legalized coca for five years. What will the international community think about this?

[Begin recording] [Unidentified Guaviare resident] It is a very good agreement, because we are suffering a lot here. There is no food.

[Reporter] Will you continue to plant coca?

[Guaviare resident] Yes, if I have no other choice. [end recording]

Convinced that they did the right thing, and satisfied with the government's commitment to respect their small plantations, the Guaviare protesters have returned to the countryside. They will resume their normal activities—namely, growing coca. They said they won the first battle against glyphosate, the herbicide that destroyed coca plantations, which was their only sustenance and, according to residents, also killed their cows, chickens, plantains, and yucca plants.

[Begin recording] [First unidentified speaker] It destroys the crops. I have tried many remedies, but nothing works.

[Second unidentified speaker] By using glyphosate, the government is killing cattle and destroying pastures, chickens, dogs—everything. [end recording]

Life in Guaviare passes by amid abandonment and coca. There is not one single meter of paved road in this department, while clandestine airstrips can be counted by the dozens. The only access to the towns are rivers guarded by guerrillas and light aircraft used by drug traffickers and businessmen. [passage omitted]

In this region, more than 20,000 people make a living from coca. For now, peasants say they will have to wait for the rainy season before they can begin planting coca, plantain, or maybe yucca.

Meanwhile, we should be realistic. The new coca status in Guaviare will have serious consequences for the country.

Some sectors have described the authorization to plant three hectares of coca in Guaviare as the clearest sign of weakness the government has shown in the face of the narcoguerrillas. In addition, it is believed that this will encourage coca production. Now, authorities are afraid that coca producers in El Putumayo, Caqueta, Cauca, El Huila, and Tolima, as well as other places, may try the same means to obtain similar agreements, not only to grow coca, but also poppy and marijuana plants.

Members of the National Drug Council believe this agreement hinders the eradication of illegal crops proposed by the government.

The questions do not stop here. Experts on relations with the United States believe the agreement will endanger U.S. certification—a sort of annual evaluation that country makes every year before authorizing the continuation of any type of cooperation with Colombia. Should this certification not be approved, not only will the United States suspend its cooperation in the struggle against drug trafficking, but economic measures could also be taken against the country.

Peace Commissioner Discusses Rural Security Associations

PA1812201294 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 15 Dec 94

[Telephone interview with Peace Commissioner Carlos Holmes Trujillo by Caracol News Director Dario Arizmendi in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] Good morning. As peace commissioner, how have you received the decision by the government of President Ernesto Samper Pizano to create the rural security associations?

[Holmes Trujillo] Good morning. I believe it is very important, considering I had the opportunity to participate in the evaluation of the original proposal at the request of President Samper. We should clarify certain aspects regarding the differences between the original proposal and the Rural Security Plan announced by the government the day before yesterday.

The original proposal covered two things: the role of the state and the role of civilians. As for the state, its role was to protect, regulate, and finance—through the Superintendency for Private Surveillance and Security—the organizations formed by civilians—that is, the rural security cooperatives. According to the original proposal we evaluated, these organizations were created to repel actions by guerrillas and mount an intelligence network to support Army actions against the rebels. The members of these organizations would bear exclusive Army regulation weapons, receive a monthly remuneration, and wear uniforms and badges. The private sector and the state would be responsible for providing financing for this project. This was stipulated in the original proposal.

The Rural Security Plan includes four things. The role of the state will be institutionally strengthened through the reinforcement of rural police security and intelligence functions. The rural police also will be strengthened to combat kidnapping and extortion with the support of military forces. Rural rapid response operation centers will be created to coordinate the actions of these state organizations and link them to the various communities.

As for the role of civilians, the original proposal stipulated that they would bear exclusive Army regulation weapons, solely fight actions by guerrillas, wear uniforms, and receive remuneration. According to the Rural Security Plan, the rural surveillance organizations will support the public forces through the use of communications equipment to defend against and prevent not only guerrilla actions, but also all criminal actions. Regarding the financing of these organizations, rural surveillance and security funds will be created to enable state and private resources to jointly support this additional effort by the state. Therefore, the differences are significant.

[Arizmendi] Will the members of the rural surveillance organizations wear uniforms and carry weapons?

[Holmes Trujillo] It was pointed out that they could carry defensive weapons under very special circumstances. However, these safeguards are the same ones that have long been in place in the country.

[Arizmendi] In the end, will civilians be charged with the surveillance and defense of the rural areas?

[Holmes Trujillo] No. This will be the responsibility of the state, which will have a strengthened rural police, a revitalized rural DAS [Administrative Department of Security], and a reinforced Unase [Antiextortion and Kidnapping Unit].

[Arizmendi] What will be the role of civilians?

[Holmes Trujillo] Their role will be to support the state through communications equipment.

[Arizmendi] Will they wear uniforms?

[Holmes Trujillo] That will be decided later. Anyway, unlike the rural security cooperatives, these groups will not carry weapons. The greatest difference between the Rural Security Plan and the original proposal, which was evaluated at the request of the president, is that the Rural Security Plan involves an institutional reinforcement.

[Arizmendi] Who will foot the bill? How many of them will there be? When will these people be recruited?

[Holmes Trujillo] The authorities will determine these details. It is very important, however, to remember that the differences between the two plans are very clear.

[Arizmendi] Will the military lead these organizations?

[Holmes Trujillo] Members of the Armed Forces will be involved in matters pertaining to the state. We must point out that the basic difference between the two plans is that the Rural Security Plan stresses the reinforcement of the state's institutional presence and involves all sorts of crimes in the countryside.

[Arizmendi] Will these rural surveillance organizations be created on a trial basis in five municipalities as was originally proposed, or will this be an irreversible decision that will cover all national territory?

[Holmes Trujillo] According to the discussions, the creation of these organizations will not be experimental, as was the case of the rural security cooperatives.

[Arizmendi] What guarantees can the government give to the public that the civilians who collaborate with these rapid response centers will not form so-called paramilitary or self-defense groups—that is, that they will not engage in reprisal operations in various areas?

[Holmes Trujillo] These rural rapid response operation centers will not be made up of civilians.

[Arizmendi] We are referring to those civilians who are authorized to provide support—namely, civilians who have access to communications equipment from the centers. Could they not form a mobilization group in a certain area to engage in reprisal actions? How will the state prevent support groups manned by civilians from becoming reprisal groups against certain sectors of the population?

[Holmes Trujillo] The authorities will have to regulate this. This is why the Rural Security Plan seeks an institutional reinforcement by creating a coordination center in rural areas among the police, DAS, Unase, and certainly the Armed Forces.

Five Municipalities To Assist Armed Forces in Surveillance

PA1912041594 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 18 Dec 94

[From the "AM/PM Newscast"]

[FBIS Translated Text] The government today released the names of the first municipalities where the rural surveillance associations will operate in support of the Armed Forces. Likewise, official spokesmen published rules for the operation of these much debated peasant institutions.

According to the government, Granada, in Meta Department, Valledupar, and San Alberto, in El Cesar Department, will be three of the five municipalities in which rural surveillance associations are to operate within three months. They will be supplied with guns, preferably revolvers, and one weapon will be supplied to every three members.

The surveillance superintendency will design the uniforms and the respective credentials and will also place a limit on the number of people in each association. People will be able to receive direct training by the DAS [Administrative Department of Security] or by military forces. The members will not be allowed to carry out operations:

[Begin coordinator Mario Fernandez recording] The idea is also to have unarmed services available to simply act as public force assistants so as to allow time for the public forces to reach the area when needed. [end recording]

The surveillance superintendency will create five regional offices to control these associations.

Development Minister Cited on Regional Integration Efforts

PA1912131694 Hamburg DPA in Spanish 1934 GMT 17 Dec 94

[FBIS Translated Text] Santa Fe de Bogota, 17 Dec (DPA)—Colombian Economic Development Minister Rodrigo Marin today said the economic crisis currently facing Venezuela is affecting the trade balance between the two nations.

Marin pointed out: "Venezuela's financial problems, along with the Colombian peso's revaluation, have noticeably created a trend that undermines commercial exchanges between the two countries."

The Colombian official added: "Colombian exports are tending to decline while goods imported from Venezuela are on the increase. This is an imbalance that must be evaluated by the two governments."

The development minister noted that the crisis in the financial sector affects the so-called parafiscal accounts (funds donated by the unions to the state to be reinvested in government projects). In Venezuela, these accounts represent 12 percent of the country's GDP.

Marin, who visited Caracas recently, said that despite the crisis he believes the Venezuelan Government is concerned about the problem.

"Our government, meanwhile, is also taking steps to deter the revaluation the Colombian peso is experiencing," Marin said in an interview with RCN, a private Colombian radio station.

He added: "We are aware that this is a difficult task, and yet, President Samper's economic program—the basis of which is a national consensus among all productive sectors—is determined to turn back this trend."

The Colombian minister noted the country is preparing to meet the challenges that may develop as result of the integration of the economies of the Latin American region.

"We were able to realize major goals, such as the Group of Three (G-3) agreement that links us to Venezuela and Mexico, in addition to significantly expanding our markets.

"This is why we intend to continue working to integrate with other blocs that are already consolidating, such as the Central American bloc and Mercosur [Common Market of the South]," the development minister stressed. He added that these integration efforts are aimed at leading the country toward a definite incorporation into the global economy, which could culminate in Colombia's entry into NAFTA.

Marin recalled that over the past year Colombia has worked intensely to achieve modernization and economic growth, as well as to ensure a productivity, price, and wage pact that seeks to significantly reduce inflation.

Nevertheless, several experts have expressed skepticism about this possibility, because even if inflationary targets can be met, other macroeconomic indicators such as devaluation, which the government has targeted for 13.4 percent in 1995, could also be affected. According to some analysts, this could harm Colombia's integration efforts with other nations, because an accelerated revaluation of the peso could create problems for the other nations' currencies.

Ecuador

Government Minister Santos Resigns Over Police Scandal

PA1512141594 Quito Voz de los Andes in Spanish 1200 GMT 15 Dec 94

[FBIS Translated Text] Outgoing Government Minister Marcelo Santos has resigned his post discouraged by the police scandal between Colonel Hector Estrella and former General Police Commander Guido Nunez. Santos said he felt frustrated because he never imagined a scandal of this magnitude in an institution which has achieved so much.

Businessmen Satisfied With Miami Summit Resolutions

PA1612141694 Quito Voz de los Andes in Spanish 1200 GMT 16 Dec 94

[From the "The Voz Andes Newscast"]

[FBIS Translated Text] Quito industrialists have expressed their satisfaction and optimism with the resolutions adopted by the American presidents at the Miami Summit. The Commerce Chamber president said:

[Begin unidentified Commerce Chamber president recording] [words indistinct] we have stated that the opportunity to improve the country's conditions and, therefore, the standards of living of Ecuadorans lie in the active participation of the country in international trade. [end recording]

Paraguay

Orlando Bareiro Named New Finance Minister

PY1612210694 Asuncion ULTIMA HORA in Spanish 15 Dec 94 p 8

[FBIS Translated Text] Newly appointed Finance Minister Orlando Bareiro has said we must broaden the state reform program and continue privatizations in order to make the state apparatus more efficient. Bareiro said this shortly after it was announced this morning that he was named interim finance minister.

Bareiro was sworn in at noon. During his first meeting with reporters he said his administration will continue the previously approved state reorganization plan included in Juan Carlos Wasmosy's government program.

Bareiro said he must first name his immediate advisers. He said: "I must think who will be my immediate advisers. We will talk about that latter. I must think about it calmly. I must chose the people who will support me in this rather difficult task started by [former Finance Minister Crispiniano] Sandoval."

The new minister expressed concern because legislators are planning to increase spending levels in the national budget. The concern is that a large sum of money will be needed to pay the public workers' salary increase. Legislators are contemplating granting them a 15 percent salary increase in two stages: 10 percent in January and 5 percent in July. This implies an additional burden of 12.75 percent on his department.

Bareiro said: "My administration will be difficult from the start because the 1995 budget contemplates high collection rates to face the salary increase that Congress is thinking of authorizing."

Bareiro, 37, an economist, is married and has two children. He has held various important jobs at the Finance Ministry, where he began his federal service as an office boy.

One of the first to congratulate him was his first boss, who reminded him of his first activities at the ministry as an "errand boy." This emotional moment was broken by the long list of officials who came to give him "a pat in the back."

Bareiro's most recent job was financial administration vice minister. Before that he was budget general director, Economy and Integration Under Secretariat's Economic Studies director, and Public Debt Directorate office director.

Bareiro was chosen at the last minute from a long list of candidates that at one time or another included former Central Bank President Jose Enrique Paez; Presidential Secretary General Miguel Maidana Zayas; Presidential Economic Adviser Carlos Mersan Galli; Julio Gonzalez Ugarte, the vice minister of Economy and Integration; Luis Cubas Grau, the executive secretary of the Technical Planning Secretariat (STP); and others.

Wasmosy Departs for Mercosur Meeting in Brazil

PY1612182894 Asuncion ULTIMA HORA in Spanish 16 Dec 94 p 20

[FBIS Translated Text] President Juan Carlos Wasmosy left this morning for Ouro Preto, Brazil, where a Common Market of the South, or Mercosur, presidential meeting will be held. This will be their last meeting before the implementation of the free trade zone.

Wasmosy and a small entourage left at 1000 [1300] today from Silvio Pettirossi airport aboard a Paraguayan Air Force plane. Wasmosy is scheduled to arrive in Belo Horizonte at 1345. From Belo Horizonte, he will travel by bus to Ouro Petro. In addition to economic issues, the president will raise a proposal involving the establishment of an organization to coordinate the security in the Mercosur member countries: Brazil, Argentina, Uruguay, and Paraguay. The Ouro Preto agenda includes a reception for the presidents and foreign ministers at 2100 today. The reception will be hosted by Brazilian President Itamar Franco.

The Seventh Mercosur Council Meeting's opening ceremony will be held at 1000 on 17 December at the Municipal Theater. A ceremony involving the signing of the Mercosur's legal status recordings will be held at 1130.

All the presidents will hold a news conference at 1230 on 17 December to elaborate on the implementation of the free trade zone.

The presidents are scheduled to depart at 1245. Wasmosy will return to our country at about 1700 on 17 December.

Peru

Higuchi Announces Decision To Divorce President

PY1612145494 Madrid EFE in Spanish 0156 GMT 16 Dec 94

[FBIS Translated Text] Lima, 15 Dec (EFE)—The wife of Peruvian President Alberto Fujimori today confirmed she has started proceedings to obtain a divorce from the head of state and obtain an ecclesiastical annulment of her marriage from the Vatican.

In statements to a Lima television station, Higuchi said that next week she will submit her request for a divorce and annulment of her marriage to the Peruvian court and the Holy See.

The former first lady of the nation, who was deprived of this role by Fujimori as a result of disagreements that surfaced between the presidential couple in early August, has thus confirmed the version published on Monday, 12 December, by the weekly OIGA. Higuchi told the weekly that she wanted to end her marriage to Fujimori because "she no longer loves him."

The wife of the Peruvian president today also reiterated the charges of alleged corruption within Fujimori's administration, which are the main reason for the disagreements with her husband.

Higuchi presented her candidacy for the Peruvian presidency for the 9 April 1995 elections, but was rejected by the National Elections board for not obtaining the signatures of 100,000 citizens who back her, a requirement established by Peruvian law. She recently announced that she will insist on running for election, but for a seat in Congress, after her political party Harmony 21st Century formed an alliance with a front of retired military and police officers.

Registration for candidates to Congress is open until 9 January.

Government Prepares Plan To Fight Drug Trafficking

PY1612181194 Lima EXPRESO in Spanish 4 Dec 94 pp A24-25

[Article by Cesar Reategui]

[FBIS translated Excerpt] Peru, the world's greatest producer of coca and washed cocaine paste, is the first link in the international cocaine trafficking circuit. According to experts who attended the first World Summit on Organized Crime held in Naples, Peru provides the raw material for preparing the drug, and in this manner, offers the highest income, in terms of dirty money, to the mafias.

Although the price of the washed cocaine paste varies as a consequence of the permanent police and Armed Forces action, the drug has been sold to the Colombian cartels at an average price of $650 per kilogram.

It is believed that in the last 12 months, the dealers (regional drug distributors) have earned approximately $700 million. Experts claim that the price of the drug, once placed on a plane, increases 50 percent, which means that sales surpassed $1 billion.

In his book "Challenges of Pacification," military analyst Jose Paez Warton said that by the end of the 1970's, when the coca boom began, there were approximately 33,000 hectares of coca, but that now there are approximately 250,000.

This means that the different policies implemented to fight this illegal activity, whether or not they are repressive, have failed, because the hectares of land dedicated to cultivating coca have been multiplied.

The existence of approximately 50 "companies" which operate in the Putumayo, Maranon, Huallaga, Aguaytia, Apurimac-Ene, Tambopata, and La Convencion-Lares basins, as well as the arrest of Demetrio Chavez Penaherrera, whose organization was about to become a cartel, prove that Peru is one of the most important places of organized crime.

Experts believe that one year ago the Colombian and Mexican mafiosos began experimenting with poppy in Cajamarca, Amazonas, and Ayacucho, and in the region of Putumayo. They hope to obtain the raw material to manufacture the heroine demanded by their Sicilian and Neapolitan Cosa Nostra partners who control the U.S. and European markets.

Considering these circumstances, the government will probably implement an important strategy with the participation of specialized agents from the National Antidrug Division (Dinandro), the police, and the Armed Forces.

It will reportedly be headed by the Internal Operations Front Command (COFI) of the Armed Forces Joint Command, which has defeated terrorism and reduced it to isolated gangs that survive through the support of drug traffickers.

The Dinandro will be strengthened and will be placed at the disposal of current needs. Its intelligence agents will be trained to improve the quality of their infiltrations in areas where there is illegal drug trafficking.

The Dinandro will also be supplied with better economic resources, transport units, and more specialized personnel.

The control of precursors used in the preparation of drugs will be more rigorous. The highways will be controlled by the police and the military, while the rivers, through which those substances usually reach the Upper Huallaga, will be checked millimeter by millimeter by the Navy. The Air Force will continue with the task of controlling the drug planes.

Paez Warton said that drug trafficking, the main source of income of organized crime, has an economic power base that allows the organization of several paramilitary groups in Peru as dangerous as Shining Path and the MRTA [Tupac Amaru Revolutionary Movement] was in the past. [passage omitted]

Venezuela

Arms Traffickers Increase Activities on Border

PA1612222894 Caracas EL NACIONAL in Spanish 14 Dec 94 p D-10

[Report by Alonso Zambrano]

[FBIS Translated Text] Maracaibo—Arms traffickers increased their activities along the Colombia-Venezuela border region in northern Zulia State in 1994 by taking advantage of the special customs system.

Weapons and ammunition concealed within bonafide merchandise were introduced into Colombian territory through Maicao during that period, according to reports gathered by the intelligence services of both nations. Those weapons and ammunition were destined for the Colombian guerrillas and groups of hired assassins that operate for the drug cartels.

The seizure of a shipment of undisclosed origin included 30 rifle grenades and 1,000 long- and short-range cartridges was confirmed yesterday afternoon. Those weapons were destined for the 59th Front of the FARC [Revolutionary Armed Forces of Colombia], which operates in Perija, on the Venezuelan border, and in Santa Marta Sierra Nevada, according to the sources.

Luis Gamez, 27, was arrested in connection with this case. Authorities also seized from Gamez a pickup truck that has transported war materiel.

Colombians Alonso Acosta Hernandez and Elias Acosta Soto, father and son, were arrested in a residence of the neighborhood of San Jose de Maicao. They have been charged with participating in this incident.

Colombian police said the ammunition sold by the suspects is Venezuelan-made.

Border Council Discusses 'Critical' Situation

PA1912042994 Caracas Union Radio Network in Spanish 2200 GMT 16 Dec 94

[Report by Maria Lilibeth d'Corte from the "Union Radio News" newscast]

[FBIS Translated Text] The National Border Council held an emergency meeting with the central government, the regional government, and border area military leaders to implement an active presence in that important area. Due to the critical border situation, this council held an urgent meeting to study the development of road, airport, education, sanitation, and culture infrastructures, in addition to territorial organizations so as to face persistent, uncontrolled immigration, vehicle thefts, gunrunning, the illegal occupation of Venezuelan territory, and Colombian narco-guerrillas across our borders.

Pompeyo Marquez, president of the National Border Council, has said border rules will be implemented starting in January, because free trade between Colombia and Venezuela is scheduled to begin in 1995:

[Begin Marquez recording] We must begin by saying we need to install custom weighing machines to charge tolls and avoid abuses by large 70-ton tractor trailers, which tear up our roads and damage bridges that do not have the capacity for these loads. We need to charge these tolls in order to be able to maintain these roads, which are truly destroyed. [end recording]

Regarding military topics, it was learned the National Border Council meeting broached topics concerning the maneuverability of the Venzuelan military in that area and how to improve the level of responsiveness. This information was not released to the media, however, because it was considered state information.

[Unidentified announcer] Before breaking off, I would like to discuss with you what I was talking about a few minutes ago with Giovanni Esposito in Maracaibo. There, President Rafael Caldera has congratulated military border garrisons for having reduced and stemmed the rise in crime throughout the area; nevertheless, as you mentioned, the National Security Council has again met to try and do something about the various types of border crime. What is the impression these National Security Council people have about border crime? They have a rather negative impression from what I heard at the beginning. Is that so?

[D'Corte] Although Pompeyo Marquez, National Border Council president, has said all sorts of security measures were being implemented to avoid the theft of vehicles at the border area, the governors of border states—such as Amazonas, Apure, Barinas, Merida, Tachira, and Zulia—who attended the meeting argued it becomes tougher each day to be a border state due to the increased kidnappings.

Regarding the kidnapping of a businessman in Tachira, the governor said all security measures have been increased, but common criminals take advantage of the fact these are border states and carry out criminal activities.

Bank Official Blames Bankruptcies on Federal Withdrawals

PA1812135894 Caracas Union Radio Network in Spanish 2200 GMT 16 Dec 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] The nationalization of Banco Progreso and Banco Republica continues to be the subject of much speculation, particularly after Bank Superintendent Tesalio Cadenas has said it was the government itself, through its official agencies, that led the two banks into bankruptcy.

A fierce debate could erupt because, while the government has urged depositors to trust in and leave their money in these two banks to prevent the crisis from worsening, official institutions have been making large-scale withdrawals of about 50 billion bolivares, which apparently is what happened in these two banks. If this is true, we would be dealing with an extremely dangerous double standard that would undermine trust in government authorities. Nevertheless, this report by Cadenas will have to be looked into, and time will tell whether it is true and what the government's position will be regarding the public organizations that made massive withdrawals from these banks.

Cadenas says Banco Progreso was left out of the clearing house because of the activities of some public organizations. Withdrawals of official deposits prompted the bankruptcy of this institution, according to Cadenas. He said this shows the inconsistency of certain policies, because the state should work in unity, not as several pieces thrown together, and he added that everyone involved must help resolve the crisis. While Fogade [Deposit Guarantee and Bank Protection Fund] subsidized Banco Progreso, other agencies were withdrawing large amounts of money from it.

He said he personally handed the Finance Ministry a list of the government withdrawals that harmed the bank so much that it went bankrupt. Cadenas, however, declined to mention the names of the agencies or the amounts withdrawn.

[Begin recording] [Cadenas] Banco Progreso's removal from the clearing house was caused to a large extent by the withdrawal of official deposits.

[Unidentified reporter] What agencies made the withdrawals?

[Cadenas] Most of them, but let us not mention any names. Let us just say that the official deposits are necessary to support the banks that Fogade has been subsidizing. [end recording]

In conclusion, Cadenas said an effort will be made to rescue the bank, which will again be open to the public once its finances are restored. He added, however, that this bank is now a national entity.

Caldera Tells IMF Oil Price Decision His Alone

PA1812014994 Caracas Union Radio Network in Spanish 2200 GMT 16 Dec 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] Venezuelan President Rafael Caldera told IMF President Michel Camdessus that he alone will decide when the price of Venezuelan oil will be raised: I alone will suffer the political consequences of this measure, he said. Therefore, I will make the decision at the right time.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.